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Shifting Lines in Southern Asia

By E. Stuart Kirby.

As time passes, with the Korean War continuing and the first shock of its outbreak receding, the wide repercussions of the present crisis are beginning to be more clearly seen. In retrospect, it is clear that there have been various stages in the impact which the Korean War has had on public opinion in the Far East. At first, the immediate emergency was regarded as arising at the centre of the United Nations structure; the case would be dealt with by the highest authority, within and through the U.N. machinery. In that sense, it was a matter for a Supreme Court, indeed a World Court, and not one for any local handling. The insistence that this was a matter of high principle, not of any local competence to decide, was ethically very correct; but it contributed to the appearance of passivity which characterised the general reaction of people in the Far East.

Another ground for real or apparent lethargy was the reasoning that this and other present tensions are in the last analysis merely resultants of the basic split in the world today, the material and mental division between the "Russian" and "American" influences. Hence the present phase is judged to be only a passing aspect of that fundamental crisis, and it is felt that there can be no real settlement until the latter is resolved. Wishful thinking in Asia takes the form of hoping to stand on the sidelines, in this battle of giants, and avoid getting hurt.

If a simplified analogy is permitted, it may perhaps be said that some people's reactions resemble those which they have every summer on hearing that a violent

typhoon has arisen at one particular point in the Far East. So long as the thing appears immobile, people elsewhere are remarkably complacent. Even when they move, these storms generally have a known range, and the immediate path of each particular one is fairly predictable; people not situated on that orbit still do not worry. In this case the base line along which the Korean storm might move was, metaphorically, supposed to be between the Soviet Union and the United States; other people might expect to stand more or less clear, according to circumstances.

At any rate, the first reaction was naturally to "wait and see". Soon, however, a second and more anxious stage was entered. This developed in the measure that it was realised that the crisis was not solely political in its implications, but had also immediate and dangerous economic and social connotations. As has been noted in these pages, the Communist step in Korea was not only an abstract blow at the present world-structure, on the plane of high politics and the top reaches of the United Nations machinery; it was also a direct and concrete blow at the economic condition of the Far East. Japan is immediately affected, in terms of present livelihood; Korea was a great and natural source of food and raw materials for Japan, and a principal customer for Japanese exports. Whatever the result of the war, it will leave a devastated Korea, with a population of 30 millions probably starving; this alone will mean a tremendous burden on the prospects of future Far Eastern recovery.

Japan, eagerly approaching the stage of conclusion of a peace treaty, and acutely aware that she must export her goods and import her food, or die, cannot but regard this as a further closure of doors against her in N.E. Asia, and as a hostile act on the Communist side. Japan is now surely forced to align, from interest and sentiment, with the Western Powers, and to depend more than ever on her prospects of trade in Southern Asia. Communist China is also deeply affected. It has been said that the latest developments may 'place the lid on the coffin of Shanghai'; such an expression may be exaggerated, but the new conditions can hardly be expected to alleviate the depression in that once flourishing city.

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The primary impact of the present crisis was in the North-East of Asia, but in reality the economic structure of the whole hemisphere is threatened. The social effects are even more widespread than the economic ones. The progress of the war vividly revealed, to a world previously ignorant of internal conditions in Korea, the wretched state of economic and social affairs in that country; the postwar division of the peninsula, and the inadequacy of all subsequent measures, seemed to the common man to prove the ineptitude of those responsible, either as statesmen or administrators. Qualms and fears were aroused in many other eastern countries, as to whether the same or similar defects and anomalies did not prevail in their own midst, rendering them similarly vulnerable to upheavals instigated by parties with foreign support.

Even the physical strength of the Western Powers has been called into question. It transpired that even North Korea, smallest and most dis-

tant of Russia's satellites, could quickly reduce the available U.S. forces to a bridgehead, could put into the field armour and troops on a scale perhaps approaching the whole effectiveness of the present British Army, and could show new tricks of guerilla and fifth-column warfare. This disclosure may, it is to be hoped, finish once and for all the type of propaganda which represented the Western Powers as frantically preparing for war, and the Soviet side as "the camp of Peace"; but it leaves the Democracies, however much their moral basis is confirmed, physically in a weak position. And it obliges the peoples of Southern Asia to consider, more urgently than ever, the possibilities of positive action in their own behalf.

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Events are forcing two great changes, in the outlook of the peoples of Southern and South-eastern Asia. The first is the realisation of the interdependence of the whole Far East; the South East cannot be isolated, by any normal means, from the occurrences in the North East. The Korean War cannot be regarded as an "Incident", and it cannot be settled without a more general settlement on an overall basis for the whole area. The second great change is that the South Asian peoples are no longer able or willing to take a passive part, or to see the ultimate settlement devised and applied entirely by Powers external to the Area. More and more initiative and participation, from both the material and moral points of view, may be expected to come from the newly independent countries in the south.

This general formulation may seem abstract and theoretical; but in specific cases, the countries concerned are beginning to have direct and exact ideas of what they may do about it in practice. The above reasoning may also seem to fall largely in the field of politics, rather than on the plane of business life which is the direct concern of this journal, the FAR EASTERN ECONOMIC REVIEW. But in fact these political issues are heavily involved with the economic difficulties and aspirations, and it is the duty of a journal such as this to insist on the primacy of the economic and practical problems, and to oppose any tendencies to force solutions on merely political, ideological or strategic grounds, at the expense of the present livelihood and future prospects of the Region.

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The immediate measures of the United States, on the Korean outbreak, appeared well timed and thoroughly justified. The act of aggression in Korea had to be met by defensive military action. A clear and definite declaration of will to localise the conflict was made, with the President's announcement that the U.S. would act to prevent any invasion of Formosa, on condition of the cessation of K.M.T. attacks on the Chinese coast. Nevertheless, this policy represents essentially an effort to "freeze" the present situation; it does not indicate a new solution; for even if it succeeded, the general situation would be back to what it was a few months ago. Meanwhile, the issue has been badly confused by the continuation of minor Nationalist attacks on the mainland coast, and by the sound of dissident voices on the American side. General MacArthur's utterance, whatever the political or diplomatic objections to it, certainly sounds like an expert opinion from the strategic point of view, and it seems commonsense to recognise that the occupation of Formosa by the Communists would undermine the strategic position of the Democracies in the Far East.

If the declaration on Formosa was merely intended to secure the side door while the Korean situation was being cleared, it has in practice meant the undertaking of a commitment and a responsibility by America for Formosa also in future. To drop the Formosan commitment when the Korean War is over, would be to risk another "Incident" in the Far East. Western policy requires, at least temporarily, the full "neutralisation" of Formosa. Meanwhile the United States is forced into a similar position in respect of Indochina, where guerilla attacks are expected to be intensified, and armed aid is to be extended. Now that the matter has spread so far as these regions, all the states and governments of South Asia are closely and vitally involved; the Western policies just mentioned inevitably mean a full consultation and collaboration with the Philippines, Indonesia, Siam and others, and must depend on enlisting at least the goodwill, and preferably the participation, of India. None of the new independent States will lend themselves to courses smacking even faintly of "Imperialism", international conspiracy or discrimination; their presence is an important factor for true peace and liberty in the Orient.

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The course which does outstandingly possess a positive appeal,

which could evoke the solidarity of the whole area, is that of collaboration for Economic Development. Indonesia, for example, now tends to rate this as an overriding need. The struggle in that country in the last few years — after the securing of independence which was regarded only as the first step — has been largely aimed at unification and centralisation of national control. This has of course primarily a political significance, but it is becoming increasingly clear that it also aims at the integrated economic development of the country. Economic conditions in Indonesia have recently improved, partly owing to internal measures (such as currency reform), partly because of the rise in prices (especially of rubber) in outside markets. The demand for "unification" is now pressed to include West Irian (Dutch New Guinea). At the same time Indonesia, while insisting on dealing on equal and sovereign terms with other powers, offers full freedom of reasonable foreign investment and foreign trade. This attitude, plus a full appreciation of the need for settled labour conditions and hard work for national construction, is also ably expressed by Pandit Nehru, whose recent visit to Indonesia created a profound impression. This willingness to have relations of mutual benefit with the West, and this insistence on constructive activity instead of international disruption, are both to the distaste of Moscow, whose followers are accordingly very hostile and abusive to the new national leaders in Southern Asia. The situation in the Philippines, with growing agrarian unrest, and the cessation of American expenditure in the Islands, forces the Philippine Republic also to give every priority to new plans for economic improvement, which must depend primarily on the efforts of its own people, but cannot reject the possibilities of extensive co-operation with America and other Western countries.

There is a kind of habit of mind which conditions people in the Far East to thinking that the fate of the region is always decided in North East Asia; formerly it was Japan—Manchuria, now it is Russia—China. But the South is now leaving its old passive role behind it. There is also a tendency to exaggerate the degree of independence of China, and the ability of that great and individualistic country to avoid full Russian control. The Russians are past masters of such control, and they do hold in subjection other elements, in Central Asia and Eastern and

HONGKONG SHIPBUILDING ENTERPRISE.

Launching of the "Anshun".

Hongkong's magnificent natural harbour provides one of the busiest ports of the world. The Colony is unique in that it has its own commercial institutions built up during a century of British enterprise to serve the commerce of the world which in the Far East all hinges upon Hongkong. In The Hongkong and Shanghai Banking Corporation it has one of the most powerful banking systems with branches the world over; it has its own insurance companies with extensive marine departments; and this week it has proved to the world that it has the facilities, the craftsmanship and the engineering skill for the building and repairing of ships which compare favourably with those of any maritime country.

In last week's issue we published the history of one of the big historic business houses of the Far East—Butterfield and Swire, or as it is universally known in the East, Tai-koo. The launching on Tuesday by Lady Morse of the s.s. "Anshun" was significant of the enterprise of Tai-koo and the courage, faith and confidence of the owners in the future of the Colony. The "Anshun" a sister ship of the "Anking" is a worthy addition to a magnificent fleet which did noble work in all the seas of the world during the recent war. Although it is not by any means the largest ship launched from the Taikoo Dockyards it is the largest new ship built since

the dockyard which was left as a devastated ruin by the Japanese was rebuilt and reorganised.

The "Anshun" has a displacement of about 7,000 tons, is 400 feet long and can maintain conservatively a speed of fifteen knots. She can accommodate forty passengers in comfortable and tastefully furnished single and double cabins in addition to nearly a thousand deck passengers. She is fitted with most modern equipment including every navigational aid and radio-telephone. A special feature is the large area of refrigerated cargo space which will be of the greatest service on the Australian run. Amongst its facilities are electrically powered deck machinery and silent winches serving four hatches which are equipped with roller-type covers.

The new "Anshun" replaces its original namesake built twenty years ago and sunk eight years ago—on September 6, 1942—after discharging troops and whilst discharging stores in Milne Bay.

The launching was effected with consummate efficiency in the presence of throngs of guests and amidst the exuberant jubulations of the Chinese artisans and their families.

The significance of the launching may be illustrated with the following quotations, the first from the speech of Mr. C. C. Roberts of Messrs. Butterfield & Swire and the second from that of Sir Arthur Morse the Chairman of The Hongkong and Shanghai Bank.

MR. C. C. ROBERTS' SPEECH

On 6th September 1942 one of the largest units of the China Navigation Company's fleet, named "Anshun" was sunk by shellfire while discharging military stores at Milne Bay.

At the end of August 1945, I accompanied Mr. Finnie to see what had happened to this Dockyard. While I was gazing from one of the terraces above, almost in despair, at a scene of desolation and ruin, I was astonished to hear my companion exclaiming to himself "It's even better than I thought". My first reaction was that the excitement of release had proved too much, but I said nothing and looked again. Then I understood; he had been

looking with expert eye at what was left; I had been looking at the wreckage and had failed to see what mattered.

From that small beginning planning and work have continued increasingly through the years until we reach today, an occasion of no mean significance, not only to China Navigation Company and Taikoo Dockyard, but also, I think I can claim without overstepping the bounds of modesty, to this Colony generally.

Firstly, it means a new ship for the China Navigation Company, a worthy addition, after all too long a gap, to that long list of ships previously built here for these owners. Both parties are happy to see this resumption of their long and mutually satisfactory connection as builder and owner. The former "Anshun" has been replaced by a new and better "Anshun" designed and built for the same trade, between ports in South China and Hongkong on the one hand and Malaya on the other hand. That trade may at the moment unhappily be at a low ebb, but the China Navigation Company have faith in the future and are putting themselves in readiness for it. A sister, "Anking" has already been completed elsewhere, and those of you who have seen her will know what "Anshun" will look like when finally she has been completed.

Secondly, today's launching marks for the Dockyard the culmination of their long and arduous reconstruction. It was possible to resume repair work on a steadily increasing scale at an earlier date, but much more had to be done before new building could be attempted. In the process opportunity has been taken to modernise the yard and it is our proud claim that it has once again taken its place as second to none in the Far East. If our friends across the harbour might not support our claim to quite this length, they would certainly agree that the shipbuilding and repairing industry in Hongkong takes second place to none in any other part of the Far East. The first fruit of our reconstruction and the proof of our claim has taken the water today and she is the first ship of size to be built in Hongkong since the occupation.

We hope that she will be followed by many more. We have the plant and the machinery, we have the designs and the craftsmen to execute those designs. It is now for the shipowners to entrust to us their needs and they will be delivered. We say to them, "once again we are poised and we are ready", and we have today given them proof.

Thirdly, I would like to say a word regarding the significance of today to the Colony. Her livelihood and prosperity are dependent, more than upon any other factor, upon the maintenance of her position as a great sea port and centre of international trading. For this numerous services are essential. As well as the Branches of Banks of many nations, she has her own great

Central Europe, which were from their point of view no less recalcitrant.

The lines of power are shifting in Asia, with a rather static situation in China, increasing activity in the South, and a reconsideration of the role of Japan. The business outlook in Hongkong is always a vivid indicator; at present China offers, despite comparatively settled conditions, fundamental discouragement to business, while everywhere else, despite troubled conditions, the attitude is comparatively brisk and encouraging.

Banking institution with its world wide service. As well as Insurance facilities from the underwriters of many nations she has her own Insurance Companies playing their part. All these institutions have been founded upon her commerce and they have made and continue to make their essential contribution to the maintenance and growth of that commerce. Shipping provides the third great service to overseas trade and commerce and shipping requires the facilities of a sea port, not least of which are facilities for repair and maintenance. Perhaps, because it is a great sea port, it is natural that Hong-kong's largest industry should be devoted to shipping, but I question whether it is always realised to what an extent shipping, so necessary to commerce, is attracted to this port by its quite exceptional facilities. Because of the great damage and destruction it has taken a long time to restore these facilities but once again they are available in full and are able to make their contribution to the welfare and prosperity of this Colony.

SIR ARTHUR MORSE'S SPEECH

We have all listened with great interest to the speech made by Mr. Roberts and we can well imagine the pleasure it must give him to look round this yard today and compare what he sees with the view that met his eyes in 1945. I feel that I have a personal interest in the recovery of the yard. Long before 1945 and during the dark days of the war I had many discussions with one who was planning for a better and brighter Taikoo Dockyard. I refer to the late Mr. Warren Swire

who for so many years played such a leading part in the fortunes of Taikoo. We must all regret that he did not live to see the result of his plans today. In those days, when there was apparently so little to be optimistic about, it was an inspiration to discuss with the late Mr. Swire the future of this yard.

The courage shown by Mr. Swire, his confidence and faith in the future of this Colony, should be an example to us all today. That courage and confidence is just as necessary as ever. The history of the Colony is one of courage, confidence and faith and the Colony has never been a place for the timid and faint-hearted. There is no room here for those who in fair weather are good traders but who, when clouds appear on the horizon, are ready to close down. What I mean I think can be well illustrated by one of the many rude definitions of a banker as a man who will lend you an umbrella on a fine day and demand it back when it starts to rain. Such methods of trading are no use to this Colony and certainly played no part in the lives of such pioneers as the late Mr. Swire.

I have no doubt that during the career of the Anshun she will meet many storms, but well-found and controlled by a crew with confidence in their navigational ability, she will ride with ease all rough weather and arrive safely in the calm waters of her harbour. So perhaps as the years go by this Colony may encounter storms and stresses, but I am confident that as the good ship Anshun will surely reach her harbour, so the Colony will reach its goal of prosperity and peace.

ted offensive against the French and the allied Vietnam forces. He is estimated to have 150,000 men under arms, therefore a heavily equipped force is essential to prevent trouble not only from that direction but to offset threats to Malaya, Thailand, Indonesia as well as other countries. These threats go to emphasise the necessity of prompt additional aid to S. Korea.

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After a respite from an immediate threat of invasion due to the presence of the U.S. 7th Fleet in Formosan waters, the Nationalist Government in Taiwan was once again, in view of President Truman's statement that he would withdraw the fleet when the Korean war is settled, thrown into a state of anxiety. The contention that the restrictions placed by the American authorities on air bombing of the mainland of China and shipping have given the Communists an opportunity to rebuild and lengthen the mainland airfields and to move troops and equipment into position in Fukien in preparation for an invasion, has undoubtedly a basis in fact and must necessarily add to the weakness of Nationalist defence in Taiwan. On the other hand the action taken by the U.S.A. was necessary and events are beginning to show the wisdom of this step.

However, the sixth point in the eleven-point programme of U.S. policy towards Asia made public by Mr. Dean Rusk, Assistant Secretary of State, indicates that the U.S.A. does not intend to wash its hands off Formosa when the turmoil in Korea has abated. In fact the statements that the U.S. will "support a peaceful settlement of the Formosan problem by international action", and that it will continue economic aid to the island and furnish "selected military assistance to put it in a better position to defend itself if an attempt is made to dispose of the Formosan problem by armed attack", should be a welcome indication that the reverse is the case.

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At the present moment, Shanghai's conditions appear to be showing some slight indication of betterment. Predictions as to the future are obviously untimely, but merchants have long learned the wisdom of "making hay while the sun shines", without reference to future possibilities. It would, however, seem from a few straws in the wind

RECENT EVENTS IN THE FAR EAST

The news from Korea during the week has not been so reassuring as was hoped, but it is recognised that in a campaign of unequal ground forces there must for a time necessarily be set-backs and even very serious losses. The U.N. forces in Korea are, when compared with those of the North Koreans, extremely small and all observers at the front are loud in their protestations that more infantry is needed if the war is to be ended as speedily as the world hopes.

The necessity for bringing the Korean war to a successful termination as quickly as possible is apparent, and it is disappointing that some members of the UN Security Council, while approving the action taken in defending South Korea from aggression, are slow in implementing their approval. It may be well to point out that it is to the credit of the British Commonwealth that from the first naval and air force units have participated in the campaign and now a land force, al-

though of small dimensions, has joined the US army. British commitments in Malaya and elsewhere are already too heavy to allow of a wider dispersal of military units, but help has been rendered and more will be sent. The Netherlands Govt. has also provided a naval vessel and some troops will shortly be on their way. It is, however, a sad commentary on the unpreparedness of other nations that three months after the outbreak of hostilities reinforcements from them have not arrived. The somewhat natural hope that the American forces might win the day without the actual participation of others has to be taken into account, but the time has now passed for further hesitation.

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A significant event during the week was America's decision to speed military aid to Indochina where Ho Chi-minh is reported to be preparing for the long antici-

International Trade Warfare and Hongkong

The public has become aware of the implications of export prohibitions imposed on a large number of strategic articles. The country at which the current and future trade restrictions are aimed is communist China. Although the merchant community is anxious to maintain the flow of trade world political conditions, beyond the influence of Hongkong, are such as to make the export prohibition of 'strategic' articles inescapable.

Further restrictions on trade with China must be anticipated unless the present stage of the 'cold war' can be regarded as its climax and a return to more normal relations among democratic and communist nations is assured. To judge by the behavior of the USSR at international conferences, an optimistic view cannot be taken, at least for the time being and until the tension, created by the aggressiveness of Russia, has subsided. Hongkong traders will have to fall in line and will have to act more responsibly in future. If export embargoes will not be extended to other goods the merchants may have reason to be very satisfied but the prospects are that the list of prohibited

as if there were a basis for guarded optimism. At least Mr. John Keswick, who is still in Shanghai, appears to be viewing the future with some anticipation of improvement in that he has urged the Peking Government to allow entry permits for foreign textile experts. Shanghai's textile industry is one of the most important in the economic life of the city and Mr. Keswick has expressed the hope that these experts might be permitted to resume their work for the general good of the country. He pointed out at the recently held annual general meeting of Ewo Cotton Mills, that China is short of qualified technicians today and added that "we may be impeded in our operations by being unable to obtain entry permits for some of our technical staff." Whether this need for experts fits in with the Peking Government's policy remains to be seen, but it is sufficiently clear that China is placed at a great disadvantage by the lack of men able to take control of and run the mills that were formerly operated by the Japanese. That Mr. Keswick, who is well aware of trading possibilities in Shanghai, has seen fit to put forward suggestions for the betterment of conditions may indicate that where trade and industry are concerned, in his opinion all is not lost.

articles may be revised by adding a number of 'strategic' articles of a more controversial kind.

In all countries there is now great activity in the field of extending international trade warfare—which is only another facet of the 'cold war.' Hongkong is not making policy nor influencing decisions arrived at in the world's capitals; the local authorities carry out instructions and rely on the good sense of the public generally and the merchant community in particular for co-operation.

What is currently going on in the US is of utmost importance for the Hongkong trader. In this connection Mr. Guenter Reimann, one of the leading financial experts in New York, writes as follows on scope and prospects of American, foreign trade controls:—

Behind-the-scene preparations are now being made in the US for the appointment of an Export Allocation Board. At the same time, a bill authorizing the Administration to introduce complete controls of foreign trade will probably be adopted by Congress in the near future. A final vote may be taken in a few months unless a special emergency situation arises in the meantime and results in an earlier vote.

Additional controls for exports of commodities which now are still free will also be decided soon. A delay is necessary because an investigation of stockpiles or inventories has not yet been completed. This must be expected within a few months. The statistical results will probably be kept secret, but they will be used as a basis for allocations and priority ratings.

In case of a war emergency, a system of foreign trade controls will be introduced by the Administration similar to the pattern that existed at the end of the last war. The new blueprint plan which is now being prepared is based on the experiences of the last war. The mistakes of the early stage of the last war are to be avoided. A more complete system of checking will be introduced.

Present plans provide for control of exports rather than of import. Export controls will be designed to serve three purposes.

- (1) to prevent shipments of essential (and in wartime of any) goods to "unfriendly" or enemy countries.
- (2) to prevent or curb the outflow of scarce materials.
- (3) to coordinate export prices with domestic prices, or to prevent excessive price increases for export goods which may be sold abroad at a high premium.

Current export controls will probably be stiffened, especially in order to curb foreign sales of strategic materials for the purpose of transshipments.

Mr. Reimann discussed current policies and preparations for new emergency situations with one of the leading Washington officials who is es-

pecially concerned with foreign trade controls. The following may be derived from this discussion.

"At present we have a system of only partial controls. It is far more difficult to apply partial controls than complete controls for which blueprint plans already exist. We believe that our system of checking the ultimate destination of exports of controlled items is becoming increasingly effective despite difficulties in a number of foreign countries. Potential transshipment countries are mainly Great Britain, Belgium, France and Switzerland, also Hongkong. These countries always were large-scale transshippers or transit traders. Therefore, it is especially difficult to control the ultimate destination of exports to these countries. But we hope to get the full cooperation of the foreign governments involved.

"In case of war we shall make all exports subject to controls. Export quotas will be decided for scarce items. An Allocation Board will collect applications for licenses, and will decide on them. Firms which did not export corresponding items in the past will have the least chance to get a license. The Allocation Board will be formed under the authority of the Department of Commerce, but other Agencies may have representatives, for instance the Department of Agriculture in case of agricultural commodities.

"Price controls will be designed to help friendly countries to obtain American goods at reasonable prices. This applies especially to countries which also ship commodities to the U.S.A. and which will not be granted further price increases for their export commodities.

"It is not planned to supplement controls of foreign trade with controls of foreign exchange."

The real problem of future foreign trade controls starts where controls on a mere national scale end. During the last war, Inter-Allied agencies were able to coordinate export-import controls. Such an agency does not exist now, nor is preparation for it even at a blueprint stage.

Several foreign countries which play a major role in world trade and which belong to the Western sphere will try to remain "neutral" in international trade warfare and also in foreign exchange dealings.

This trend is of great concern to American policy makers, but it is a subject about which little is said in public. Yet, we may expect that the system of controls will be designed to curb the attempt of several foreign countries to become the large "neutral" transshippers and transit traders for goods in trade between East and West, and to take advantage of the American restrictions on trade with Russia.

Therefore, the financial recovery which some foreign countries with acute dollar problems expect to make from the transit and transshipment trade will have only strictly limited possibilities.

Soviet Propaganda on British-American Differences

Soviet propaganda since World War II has attempted to split the UK from the US, or, at least, to weaken the ties between the two countries by assiduously harping on Anglo-American differences. Moscow regards Britain and America as the principal opponents to its plans for domination. They are often grouped together in the Kremlin's parlance under the common term of "Anglo-American imperialists." Moscow has been particularly sensitive to any move designed to bring them closer together in opposition to its designs. Thus, attempts to achieve greater Western unity in which Britain and the US have played leading roles, such as ERP, the North Atlantic Pact and now UN action in Korea, have been particularly heavily attacked by the Kremlin.

Reflecting the Communist doctrine of the basic contradictions between imperialist powers — among which Stalin in 1928 placed the Anglo-American as the principal one — Soviet propaganda revolves around the general theme that American and British monopolists are engaged in a world-wide struggle as a result of the war-weakened position of the UK and the ability of the US to exert pressure on Britain through ERP. It predicts that differences will be aggravated but refrains from forecasting any serious political repercussions between the US and the UK. Instead, Soviet propaganda claims that the UK will submit to American policy because "British and American governing circles are united in their hatred for the progressive democratic forces."

Unable to split the US and UK politically, the USSR strives to drive a wedge between the peoples of Britain and its government. Both the Labour Government and its Conservative opponents are accused to being subservient to the US, and of following a US-inspired policy that leads to war and economic ruin for Britain. The British people are told to impel their Government to break its ties with the US, to increase economic relations with the Soviet orbit, and to reduce its armaments.

Since the bulk of Soviet propaganda on Anglo-American relations is concentrated on attempting to prove that Wall Street derives the gains while the UK suffers the losses, there are fewer attempts to incite the American people against the UK than vice-versa. However, Radio Moscow sheds hypocritical tears over the burden on American taxpayers constituted by the Marshall Plan and assistance to European rearmament in which Britain has a share. And Soviet propaganda directed at the US urges the American people to oppose their Government's foreign policy in toto including such ties with Britain as the North Atlantic Pact and the Marshall Plan.

Specific themes in Soviet propaganda regarding alleged Anglo-American differences are:

(1) The US seeks to displace British interests in Latin America, the British Commonwealth, Africa, Asia and Western Europe. In addition, the US is striving to penetrate the British Isles

themselves, buy British industries and dump US goods on Britain.

(2) The US forced the UK to devalue the pound in order to further the above purposes; the US is (a) striving for a free convertibility of currency and (b) trying to induce the UK to renounce its present system of bilateral trade agreements in favour of a multi-lateral system. These two steps would increase US economic domination over the UK.

(3) The US encourages the revival of German industries to compete with British export industries. The Schuman plan is a US-inspired scheme to further US-controlled German steel industries at the expense of Britain and France.

(4) The US has "invaded" the UK by stationing its armed forces there which have turned the British Isles into a "US military base".

(5) The US is insisting that Britain increase its armaments. This will lower the living standards of the British people and divert materials into the production of war equipment, which, in turn, will enable the US to capture still more British markets. For example Radio Moscow on August 12, 1950, broadcast in English to the UK the following: "The Labour Government has now raised the level of war expenditure to the level of the war year 1939 — that is to 12 percent. All this once again will add to US profits because the United States will seize Britain's markets in Asia and Latin America and turn them into a happy hunting ground for US capital."

FOREIGN MOVIE FILMS IN HONGKONG

The occupation of China by the Chinese Communists and subsequent developments have brought about the biggest concentration in Hongkong of representatives of the foreign film distributing world. Forced by unfavorable circumstances to abandon their interests and withdraw from the China mainland, these distributors are giving this Colony of about 2¼ million people access to an inexhaustible supply of films far in excess of its demands.

Foreign films are represented in Hongkong by a total of 13 film distributors, nine of which are American, three British and one Chinese acting as agent for Soviet pictures.

The U.S. companies consist of the Columbia Films of Hongkong, Inc., Metro-Goldwyn-Mayer Hongkong, Inc., Paramount Pictures of Hongkong, Inc., RKO Radio Pictures of Hongkong, Inc., 20th Century Fox Fed. Inc., U.S.A., United Artists Corporation, Universal Pictures of Hongkong, Inc., Warner Bros. First National Pictures, Inc., and Frieder Films (Republic).

The British companies are the Eagle-Lion Distributors, Ltd., London Films and International Films. The last-mentioned, unlike the others, is not af-

filiated with any film studios abroad but is a small company established with local capital which purchases films of independent producers or small film studios abroad for distribution here.

The Southern Film Corporation, a Chinese company, handles exclusively the distribution of Soviet pictures locally. Until the beginning of this year the Andar, Company, also a Chinese concern, was sole agent.

Hongkong, being a British Colony, British pictures are given preferential treatment. The Government has fixed the quota for British films in such a manner that for every 70 days of film exhibition there must be seven days reserved for British pictures. With eight to 10 British pictures being shown a year in each of the four leading theatres, it is estimated that less than 40 British productions are exhibited in the Colony annually.

U.S. films are distributed through contract arrangements made with the different theatres. Existing contracts with the four first-run cinema houses are as follows:

Universal, RKO and United Artists:—King's Theatre
Metro-Goldwyn-Mayer and Warner Bros.:—Queen's Theatre
20th Century Fox and Columbia:—Roxy Theatre
Paramount and Frieder:—Lee Theatre.

Whereas the other three theatres are each committed to two U.S. film companies and occasional Chinese productions, the King's Theatre, in addition, shows independent pictures and Chinese films as well as plays, thereby resulting in less time being allotted to the three distributors with which it is connected. This policy of King's would seem to be rather inconsistent, as constant change of the complexion of the audience is not conducive to good business.

Soviet films are shown at the Cathay and Victory, both second-run theatres. About 50 such pictures are exhibited each year. Soviet pictures are usually militaristic and glorifications of the Red Army.

The total number of foreign moving pictures imported annually into the Colony, therefore, may be conservatively placed at about 400, of which 40 are British, 50 Russian and the rest:

American. With each exhibition averaging five days, from 70 to 80 pictures are shown a year at each of the four first-run theatres.

The market for imported movies, however, is limited since the majority of the population are Chinese, many of whom are not English-speaking. Among the 33 theatres, large and small in Hongkong and Kowloon, only 11 show exclusively foreign production (with occasional Chinese films), six both Chinese and foreign movies and the remainder only Chinese films.

It goes without saying that American films are the most popular because they appeal to popular taste, have a wide and varied repertoire from which to select and are usually dependable as entertaining fare. British pictures have a following among the foreign community, as do Soviet films among Chinese workers and students. The Chinese movie industry, which has made Hongkong its headquarters and which is gradually turning out commendable pictures, offers keen competition to the imported films. Although the production is limited, the ready response of the public is seen in the packed houses whenever a Chinese picture is exhibited in the leading cinema houses.

The Hongkong public demands pictures of swiftly moving action; hence the generous display of war pictures, Western pictures, pictures of the turf and mysteries and adventures. With a war—the Korean war—dominating the Far Eastern horizon, the people have become war-conscious. Films like "Sands of Iwojima," "12 O'clock High", etc., have enjoyed record attendance. Musical comedies, particularly techni-colours, are also drawing-cards. The audience being mostly Chinese, emotional pictures which generally carry much dialogue find little appreciation, and the distributors, with an

eye towards the box office receipts, have to bow to public taste. Cases in which films intended for five days' exhibition have had their period cut short for lack of popular support sometimes occur, but the operators are wary of taking such risks.

How do film distributors operate in the Colony? What are their relations with the large film studios abroad whose names they bear and in what way is business done with the local theatres?

In general these distributors, being subsidiaries of large companies, receive only part of the proceeds from the films exhibited after dividing with the theatres concerned. The major portion goes to the parent company, which allocates a certain percentage to its subsidiary in Hongkong. The amount of percentage varies with the different companies, and on this percentage is based their operational expenses.

In dealings with the theatres, the division of profits is also on a percentage basis. Upon a contract being signed, the distributor presents to the theatre management a list of films, on which are set the terms taking into account the value of each picture. On the basis of this appraisal, while most films would rate a 50-50 division of profit, certain others may rate a 40-60 percentage or even a 60-40 percentage.

The Entertainment Tax collected by the Government is equally shared between film distributor and theatre. The tax is roughly 18% to 20% of the receipts in accordance with a graduated scale.

The general though it is hopes ephemeral depression, which has cast a pall of gloom on all local industries and enterprises, is beginning to leave its marks on the movie business. True, the film distributors have at no time since the conclusion of the Pacific War

suffered losses but the comparatively poor patronage is making inroads into the profits.

One may recall those days in 1945-46 when the people, starved during the war years, flocked to theatres irrespective of the fare so long as they were imported films. The public support was overwhelming. But foreign movies did not enjoy a boom until May last year when with the fall of Nanking and Shanghai to the Communists, wealthy refugees found a haven in this Colony. Theatres swarmed with the idle rich who, with time on their hands, sought diversions of every description. The summer months, which are generally slack for the theatre business, proved no deterrent (especially as many houses are air-conditioned). These refugees, not being swimming enthusiasts and unused to an outdoor life, found greater pleasure in the movies.

The abnormal situation, however, could not last and by the beginning of this year profits began to dwindle with prospects of halting the downward trend nowhere in sight. The growing exodus to the China mainland, caused mainly by the high cost of living here, has got now into full swing and thus deprived the theatres of a large patronage. This coupled with the usual slackness during summer months has reduced profits, as compared with those of last year, by 20% to 30%.

While in view of the present general uncertainty the future is anybody's guess, the general attitude among film interests is one of hoping for the best and preparing for the worst. To use the words of one film distributor: "Man being always in need of recreation and relaxation, the movie business—like all other enterprises which cater to the recreational life of the general public, —is usually the first to revive and the last to survive."

Malayan Rubber & Tin and Shipments to Russia

Few on Malayan markets expressed surprise at reports that Britain might cause Malaya to cut sales of rubber to Russia and let it be said that in no part of the British Commonwealth is there an industry so willing to aid the Empire and the United Nations as the Malayan rubber trade. But astonishment was expressed that the British Government, despite the protests of Churchill, was unwilling similarly to curtail the sale of tool steel. Also, doubts were freely expressed as to the effectiveness of isolated action on the part of Malaya. For instance, what would it profit the United Nations if Malaya curtailed rubber sales to Russia while a "neutral" Indonesia, which owes its being to American diplomacy, was free to sell Russia all the rubber it could take away. Diplomats did not suggest that pressure should be brought on Soekarno, for then Nehru would object. But diplomatic advisers apparently felt no qualms about calling for prompt action by Malaya, since

Malaya has always been so amenable. It is remembered how in 1946 devastated Malaya submitted to ten pence a pound for rubber, while uninvaded Ceylon received eighteen pence. In any case, it certainly appears to Malaysians that, to appease Washington, Malaya is to be sacrificed, to atone by one burnt offering for its own free markets as well as for the leakage of atomic "know how" and the supply of jet engines. Nor apparently did diplomatic circles foresee the tremendous arguments being gratuitously handed. Malik who could throw the Atlantic Charter at Britain and the United States for denial of raw materials while the Industrial Communists would be filling rubber stock piles from Djakarta with smirks extending from Vladivostok to Odessa.

Neither would curtailment of free tin markets in Malaya have any real effect so long as part of the Banka supplies are available, to say nothing of the whole output of tin from Yunnan

which is now open to Russia by its treaty with Mao. For the treatment of Yunnan ore an efficient smelter was installed, in happier days for a friendly China, by a smelting expert well-known in Singapore. This is doubtless being operated today by Russian engineers.

Whitehall and the Pentagon will have to think of a more effective scheme if the United Nations cause is to flourish. And if a few shreds of confidence in Malaya industry are to be retained, then there must be fewer threats of control over Malaya each time high commodity prices are mentioned. We have not read any suggestion of control over Virginia tobacco or Siam rice or Australian wool, all of which are many times their pre-war prices, and there is no reason why Malaya should be singled out for invidious distinction in this respect.

WHITHER FORMOSA?

By Joshua W. K. Liao

The KMT Comeback

On March 1, 1950 Chiang Kai-shek emerged from retirement to resume his presidency of the Republic of China cornered in Formosa. Evidently he believed in his ability to recover the lost territory once again as he did in 1945 on the ground that Washington would after all never let Formosa and China down; that World War III would certainly break out in his lifetime; and that US ships and planes would once again bring KMT "victors and conquerors" across the Formosa Strait though in the opposite direction. Man thinking according to his knowledge or his motive, in the summer of 1949 a Chinese refugee Taoist priest in the streets of Taipei even prophesied the outbreak of the next world war in six months' time. Another Chinese, a highly educated Youth Party Member, asserted in December, 1949 before the present author a 90% probability of the outbreak of the next world war within 1950; for the Democracies after 1950 would become hardly able to defeat the Communists, he argued.

On March 9, the newly-appointed Premier Ch'en Ch'eng in order to win the majority's support from the home-sick Legislative Yuan Members stranded in Formosa pledged to launch a counter-offensive on the Mainland within two months. If in him Chiang Kai-shek and his KMT adherents find the last trump-card left to play, it was tactless for him to venture any precarious move as he had once attempted in vain to retake Manchuria. Nor should he have committed himself to such a promise and divulged such a top military secret to the world. Even though the third world war might occur in Chiang Kai-shek's lifetime, it remains disputable as to whether the Formosan conscripts will fight for the KMT comeback, whether the Chinese people will greet him back once again as a national hero as in 1945, and whether the Democratic Allies will accept his comradeship. Curiously enough, ten days before May 9—two full months from March 9—Hainan was lost and ten days thereafter the Chusan Archipelago was evacuated by the KMT troops.

The probability of Chiang Kai-shek's comeback is thus too slim to deserve any penetrating scrutiny.

The CCP Invasion

It is entirely by many other competing political forces that the possibility of the KMT comeback is vastly discounted. First of all, comes the CCP invasion of Formosa. In case of any successful Communist invasion, the KMT will go to ruin with its top-leaders forced out through the air. Just as the rank and file have lost their stomachs for fighting, so have those leaders kept no iota of their early revolutionary

spirit. Old in mind they now crave ease and comfort. Once exiled abroad, they will go "White Chinese", dreaming of their heyday. How can they agitate for any more revolution or organize any forlorn hope? For reviving such a hazardous life they find no able successors, either.

Most of the promising leaders of future China have either gone northward to join the CCP or turned away from KMT Formosa forever. The worsening weakness of the KMT as such adds to the growing strength of the CCP. However, though the CCP High Command has been preparing for the military invasion of Formosa, yet it will take years to build up fleets of transports and warships and still more years to train sufficient numbers of sailors and marines, fliers and parachutists. Thereafter they will have to be sure not only of effecting a successful landing but also of bringing every opponent to his knees, failing which it will take still many more years to repeat the same adventure. Financially speaking, even the first compulsory bond-sale can not possibly defray the cost of the invasion.

Now that the United States Government has decided to neutralize Formosa from the KMT-CCP duel and it is very likely that the war situation will for years remain a deadlock. Yet each has been doing its utmost to bluff the other into silence: The CCP has been broadcasting their determination to liberate Formosa in 1950, which they call the year of complete national liberation; the KMT War Cabinet has been advertizing its ability to launch a counter-offensive at the earliest moment. None the less time seems to work against KMT unless the cold war changes into a hot one between the Red and the White camps. For the CCP fighting forces are improving but the KMT troops are aging while the Formosan conscripts may "go slow" at any moment.

The New Party Absorption

Whereas the Formosan patriots have since the unfair settlement of the February 28 Incident occupied one corner of the triangular struggle, the idea of organizing a new political party among the Chinese to replace the Nationalists and resist the Communists appeared only after Hsueh fell and the KMT regime began to crack. But it did not become an open movement till after the publication of the White Paper that expresses its hope for the birth and growth of liberal forces in China. The encouragement, however, at once turned into an inducement to Chinese opportunists and mercenaries, who always outnumber patriots and enthusiasts. Thus, according as the gap between Chiang Kai-shek and Li Tsung-jen grew, Hu Shih, T. F. Tsiang,

Lai Lien, etc. in America representing Chiang began to talk about organizing the Chinese Liberal Party; while in the Canton and Hongkong region Li's adherents headed by Legislative Yuan President Tung Kwan-hsien speeded up their organization of the Democratic Progressive Party. To the new movement there have been attracted a number of Youth Party demagogues and Democratic Socialists led by Wu Hsien-tzu. Among all the anti-KMT political groups exiled in Hongkong only this branch of the Democratic Socialists and the Formosan patriots have refrained from going north to join the Reds.

With Chiang's diehards entrenched in Formosa tremendous difficulties are facing the Formosan patriots to expel the KMT at present. Nor will it be an easy task for them to repel the CCP in the future however enthusiastic they may be. None the less the shrewd Chinese political engineers never fail to take notice of their activities and aspirations. Nor can they ignore the value and need of absorbing them into their camp so as to keep Formosa attached to the China of their dreams and inspire half-a-million Formosan youths to lead the van in their comeback campaign. Thus, unlike the arrogant KMT and the insolent CCP the new partisans adopt a soft, persuasive attitude towards the islanders. When an attempt to amalgamate the two new parties appeared, emissaries approached leaders of the Formosan League for Re-Emanicipation in Tokyo vincial autonomy of the highest possible degree. In response the Formosans demanded the organization of a provisional government of the Formosan Free State pending the Japanese Peace Conference and the holding of a plebiscite thereafter to determine the future status of the country—two top objectives which they never give up in their parleys with agents from any Chinese party, old or new.

Meanwhile, by Chiang's resumption of the presidency, Acting President Li before returning from his recuperation in America was deposed, and their hidden friction became an open contest. As the traditional conflict in the North between "native-born" and "foreignized" Reds is also growing steadily, Li is now projecting his hope to rally all liberal, nationalistic elements from CCP China. To retake "liberated" China might in the end be easier than to absorb Free Formosa. But to organize a new party competent for such a gigantic task is not easy at all.

Immediately after the neutralization of Formosa from the KMT-CCP duel by President Truman's new policy announced on June 27, 1950 the KMT turned desperate. Like a drowning man catching a straw its agents began suddenly to question the imprisoned Formosan patriots and feel out their exiled leaders with a view to placing Formosa under a native leader acceptable to all sides concerned.

Foreign Occupation

In case either SCAP or any UN Commission occupy Formosa, the refugee KMT regime will have to quit. For the future occupation by UN there is ample reason. In the first place, the Cairo decision being not final, the legal status of Formosa remains undecided pending the Japanese peace conference and therefore is neutral; Formosa is entitled to be saved and neutralized from the Chinese civil war by the Allies. Secondly, the Cairo decision having become impracticable since the Russian occupation of Manchuria, the United States and Great Britain, co-signatories to it, have the right to include Formosa inside a security zone by removing the KMT officialdom from it. Thirdly, the Cairo decision to hand Formosa to China having been invalidated by the KMT's inability to hold out against Red expansion, the Western Allied Forces have the right to hold Formosa against any hostile expansionists from abroad.

Military occupation, however, of the Island by either SCAP or UN might arouse undesirable emotional reactions. First of all, the Formosans want no colonial system replacing another nor any territorial change against their wishes unless the occupation and Trusteeship lead to complete independence. Likewise, the KMT officialdom, unless granted the residential right, will resent foreign interference. Moreover, the CCP and its foreign allies will find more propaganda material for anti-Democratic agitation.

By and large it is the Chinese refugees stranded in Formosa and lower-ranking KMT supporters who have been praying for foreign occupation and a UN mandate more than anyone else. For they anticipate and fear both CCP persecution and Formosan revenge. When under neutral authorities they can hope for the same justice, which, ironically enough, they have been denying the native Formosans. Enjoying foreign protection, they will bide their time and plot comeback measures as they used to do in foreign concessions in the treaty ports and are now doing in Hongkong and Macao.

Native Rebellion

Against KMT tyranny and robbery are the native Formosans ever-anxious to rebel. During the February 28 Incident their rising was provoked and therefore ended in a failure. The folly never will recur: Unless sure of success, they deem it unwise to provoke any fighting. In case they succeed, the KMT regime will be blown to pieces and Formosa will regain its independence lost in 1883 and 1895. Owing to the lack of financial and military strength, a successful rebellion is however not within sight.

Formosan revolutionaries began unarmed and practically penniless, which has astonished sympathizers. As among other down-trodden peoples so among the Formosans, in the beginning stage patriots sprouted like weeds, leaders budded like mushrooms, and

THE NEW TAX SYSTEM OF CHINA

By our Peking Correspondent.

The passing of China's 1950 state budget in December last marked the dire need of a reformation of the confused Chinese tax system as 81.3% of the nation's total revenue for 1950 is expected to come from taxation. The target could never be reached if the old chaotic system were allowed to remain and pursued. The promulgation in January of the 12 Chief Points for the Execution of the Tax Policy ushered a new tax system which is conspicuous by its high centralisation both in the legislative and executive aspects. No

local government may levy local taxes without authorisation or fix local regulations or rates for taxation. All rates and regulations are uniform and universal for the country. The new tax policy also aims at even distribution of responsibility for state revenue on the part of the people. Revenue from agriculture tax (public grain) shall form 41.4% of the total state revenue and urban taxations are stipulated at 38.9%.

The farmer now legally speaking at least is no longer the miserable oppressed cow that used to supply most

groups grew like tea-groves. There was no regimentation, no leadership, and no unified organization, although, to start with, the Formosan people, far better trained and regimented than any nation on the Asiatic Continent, are united in the will to have liberty and prosperity.

Besides conscience and popular support from within, time and world opinion, too, add to their strength. Practically all foreign sympathies are for the underdogs—particularly for those who dare to stand up for their right and offer resistance. Should the Formosans succeed in creating the accomplished fact of self-liberation, then UN would immediately let the people determine their own destiny.

All Formosan patriots in age begin exactly where KMT tyrants in Formosa end; for the oldest Formosan revolutionary leader is younger than the youngest KMT overlord. As the contest drags on, the junior team, growing in intelligence and experience and improving in regimentation, organization, and leadership, will eventually triumph over the old men falling out or dying off one after another. Of the rising generations among the Formosans, the conscripts will master new weapons; the fugitives will import new ideas.

Natural Selection and Social Elimination

The basic cause of the speedy and spectacular collapse of the KMT Army and economy in China has been the lack of public spirit on the part of so many public administrators it has turned out. Self-seeking by nature, they have been forming juntas for augmenting private interests at the sacrifice of public welfare. Weak and coward, they are afraid of opponents and, critics; incompetent but still arrogant, they are jealous of talent and worthies. So much so that since they gained the reins of government with arms in 1928 they have absorbed little fresh blood. On the present list of their top-ranking political and military leaders, for instance, the great majority already played their best roles two or more decades ago, have been declining since, and cannot keep up with time and tide. The rank and file, having efficiently fought the Northern Warlords between 1926 and 1928, were no

longer good against the Japanese, much less against the Communists. The political workers they trained during wartime have been good only for havoc and commotion but not for reconstruction and rehabilitation. The Allies, who saved them from the Japanese conquest, will similarly help them against their Communist rivals, they are hoping. The whole party is now one of decrepit men.

Just because they ignored the principle of natural selection and the function of political metabolism, they refused to eliminate invalids and undesirables from their active list, till the whole group, still including no doubt a number of healthy elements, was wiped out from China. Now sheltered in Formosa, the more they awake to the value and need of selection and metabolism, the more vacancies and concessions they have to offer the Formosans. Especially with sources of man-power cut off, they have to replace their own invalids with healthy natives, till the tail will wag the dog: Wherever there is one less Chinese, there comes in one more Formosan. If 35,000 natives, be conscripted and armed annually, in a few years' time the balance of power might be tipped in favour of the Formosans.

Glancing over the past five years' records, we find no Formosan among the top-ranking incumbents under Ch'en Yi; 7 out of 15 under Wei Tao-ming and Ch'en Ch-eng; and 17 out of 23 under K. C. Wu plus one Cabinet Minister though without Portfolio, Ts'ai Pei-huo, whose rank and right the KMT has meant for justifying the duty of every ten Formosans to support one Chinese soldier. And, in the recent losing battle with Governor K. C. Wu the Formosans dared to demand his replacement with a native. Come what may, a growing number of Formosans are planning to offer a native candidate for the presidency of the Republic of China in the 1954 election provided that the present status will last till then and thereafter.

The only ray of hope for the KMT comeback and renaissance is the earliest outbreak of the next world war, so that after "Victory" democratic planes and ships might promptly carry the refugees across the Formosa Strait. But will another world war really break out?

of the milk to the state. The urban population has now to contribute their share. Government operated enterprises and co-operatives are not exempt from taxation which instance is regarded as a new feature of the present tax policy. Others are found in the reductions on fixed rates of taxation extended to essential industries. The reductions go as high as 40%. As regards commodity tax there is a levy of 5% on most nearly all the general consumer goods and industrial products but unessential articles such as tobacco, cigarettes, alcoholic drinks and superstitious goods like joss sticks, etc. are heavily taxed, as high as 120%.

Some modifications in the tax system were adopted in June but the general nature and principle have not been changed so let the original form be broadly presented here and the alterations will follow. 14 different kinds of taxation have been decided upon. They are: 1. Commodity Tax; 2. Industrial and Commercial Tax; 3. Salt Tax; 4. Customs Duty; 5. Income Tax on Wages and Remuneration; 6. Income Tax on Interests from Bank Deposits; 7. Stamp Duty; 8. Inheritance Tax; 9. Business Transaction Tax; 10. Slaughter Tax; 11. House Property Tax; 12. Real Estate Tax; 13. Special Consumption Tax; and 14. License Tax.

There are 9 main categories of commodities both native manufactured and imported on which tax is levied. They are: tobacco, fibre goods, edibles, general daily articles, industrial products, building materials, cosmetics, superstitious goods, agricultural and forest products, and mineral products. Collection of tax is done as far as possible at the source of production so that in the case of large manufactories a tax collector is stationed on the spot for the purpose. Small-scale factories are taxed after investigation. In the case of non-factory products collection is done at the time of transportation. Imported articles are taxed at the Customs.

The Industrial and Commercial Tax is an amalgamation of the former business tax, special business tax and income tax on profits. This tax is therefore two-fold. Every business or industry is taxed every three months on the total amount of business returns during that period at the rate of 1%-3% (in the case of business returns accruing from rendering service and credit rather than actual transaction the rate is 1.5%-6%). The same business or industry is taxed again every half year on the amount of net income realized during that period at 5%-30% with prescribed reductions for essential industries. The salt tax is levied directly at the salt fields. Collection of this tax is done by the Salt General Administration under the Ministry of Finance.

The collection of customs duty is effected by the Maritime Customs General Administration. At present import duty is collected on the basis of Customs Import Tariff, August, 1943 and export duty on Customs Export Tariff, 1934, amended in 1945. New tariffs are being drafted by a special committee under the Financial and

Economic Commission of the State Administration Council.

Collection of income tax on interests from bank deposits was effected in November, 1949 at the rate of 10% and is limited to bank deposits with private banks only.

Stamp duty is necessary on all commercial and property documents, permits, academic certificates as well as personal affairs identification papers.

Business transaction tax is a new form of tax directed towards spot business transactions in fairly small quantities done through a 'middleman.' This tax is not yet nationwide.

Slaughter tax is levied at the abattoirs. House property tax is collected from house owners at 1%-1.5% on assessed values.

Real Estate is taxed at 1.5%-4% on assessed values.

Special Consumption Tax is levied on feasts, cold drinks and amusements.

License tax is levied on vehicles, boats and ships using public roads, highways, bridges and rivers.

Both inheritance tax and income tax on wages and remuneration have not yet been effected.

The work of tax collection for the first half of 1950 can be regarded as highly successful as was brought out in a report by Po I-po, Minister of Finance. According to the report, by the end of May this year 33.45% of the total estimated Customs revenue for the year, 25.2% of the salt tax, 35.45% of the commodity, business and local taxes, have been achieved. Agricultural tax or public grain for last autumn reached 97% of the estimated total. It was thanks to these revenues besides subscriptions of about 90 million units of Victory Bonds (1 unit equivalent to about US\$1) that the inflation was arrested resulting in stabilized market conditions.

Although the new tax policy itself has been deemed correct in principle many defects in the work of collection have been felt and complained about. First, no detailed regulations exist regarding the proper procedure of the collection of business and commodity taxes so that there has been much misinterpretation of the general rules contained within the Temporary Regulations for the Collection of Business and Industrial Tax as well as Commodity Tax. Second, in the collection of business and industrial tax it was found out that certain 'allotments' have been fixed by the authorities. To attain these 'allotments' calculations according to fixed rates of taxation have often been neglected so that businessmen and industrialists felt that they were simply irregularly levied. Third, kinds of taxation, number of taxable commodities and methods of control have been found still too complicated. Fourth, the method of 'democratic appraisal' employed in the collection of business and industrial tax has led to unfair proportions through jealousy and egotism on the part of businessmen and industrialists. Fifth, the attitude of certain ill-trained tax collectors has produced much ill feeling among the taxpayers and many of them have not been immune from

corrupt practices. So a programme of rectification and readjustment was decided upon and enacted in June.

Of the 14 kinds of taxation promulgated in January this year, only 11 will be effected. The inheritance tax and the income tax on wages and remuneration will continue to be suspended and the house property tax and the real estate tax will be put under the single item of house and land property tax. 387 commodities are to be exempted from taxation while certain commodities are grouped together and taxed once for all, thus again reducing the number of taxable commodities by 391 so that out of the original 1,136 taxable commodities only 358 are liable to taxation. Out of the 66 instances where stamp duty is necessary 11 have been eliminated leaving a total of 55.

There is no reduction of rates for the business and industrial taxes: 1%-3% on total amount of business done, (1.5%-6% on total gross income realized by businesses through rendering service and credit only) and 5%-30% on net income or profits with the initial taxable amount raised to PB\$3 million from 1 million. In the case of commodity tax the general rate of 120% on cigarettes has been categorised from 90% to 120% and with some minor reduction on some other articles. The income tax on interests from bank deposits, originally levied at 10% on those realized from deposits with private banks, has been reduced to 5% on all interests accrued from deposits both with state and private banks. House tax and real estate tax, though amalgamated under one single term, are still collected separately with some reductions. House tax originally at 1%-1.5% on assessments is now at 1% and real estate tax is at 1.5% instead of 1.5%-4%. Salt tax is reduced by 50%. Urban sur-taxes are allowed only on public utilities and house and real estate tax.

Three different methods of collection will be employed. For those enterprises that have a correct system of accounting the procedure of 'Submission of accounts for investigation and taxation according to stipulated rates' will be used. Those enterprises that have incomplete accounting systems will be subject to the method known as 'Submission of accounts for discussion and taxation decided upon by democratic appraisal.' Small shops, handicraft and home workshops where there is only a semblance of accounts kept will pay their taxes according to 'Fixed amounts for a fixed period.' It must be noted here that in China with the exception of a limited number of properly run limited liability companies most enterprises have no scientific systems of accounting, so that different methods of tax collection have to be devised. As learnt from the last collection of business and industrial tax, about 90% of accounts picked out for investigation were found to be false and of course due fines were meted out. It is hoped there fore the new methods adopted in the collection of taxes may be an incentive for the people to start keeping accounts on a more scientific basis.

TAIWAN'S ECONOMIC CONDITIONS FOR THE FIRST SIX MONTHS OF 1950.

By Charles K. H. Chen (Taipei)

For the first half year 1950, there were certain economic features of Taiwan which should not be ignored: (1) the strict execution of note issue below the legal limit of two hundred million dollars in New Taiwan Currency; (2) the reasonable control of loan capital of both provincial and commercial banking corporations and (3) the manifest decrease of commodity prices.

With January-June, 1950 being at 100, as the base period, we tabled the average wholesale commodity price indexes with the percentage (* increase, - decrease) as follows:

	Average index	Percentage
Dec. 1949	600.72	—
Jan. 1950	703.34	+ 19.1
Feb.	703.34	+ 19.1
Mar.	804.31	+ 14.1
Apr.	818.14	+ 1.7
May	840.65	+ 2.7
June	812.81	- 3.3

Amongst the selected commodities, the wholesale price of rice jumped from NT\$42.50 per hundred Taiwan catties at the end of 1949 to NT\$74.00 at the end of Feb., 1950. As soon as the act of rice-price control was an-

nulled by the provincial Authorities, it jumped to NT\$109.00. But the price of rice drew back nearly forty percent due to the bountiful rice crop of last May. Because there was a large stock of wheat flour kept in hands of both the Government and the merchants, its price had not been affected by that of rice. When the area of groundnut plantation increased and a considerable amount of soybean was allotted by ECA, the price of groundnut oil, therefore, was halted in the first half year of 1950. Cotton yarn and grey sheeting might be considered as the only two higher priced goods in the market. The narrow market of Taiwan sugar caused the price often to drop below the official one. Black tea was in unfavorable condition when the price dropped to US\$0.30 in the New York market. Bean cake met the same fate. The adjustment of the gold bar price by the Government was only to equalize it with Hongkong as Taiwan was too high in the past.

Wholesale prices (unit: NT\$) at the end of:

Commodity	Unit	1949 Dec.	1950 Jan.	Feb.	Mar.	Apr.	May	June
Ponlai rice	100 T.C.	42.50	67.50	74.00	108.00	109.00	78.00	66.00
Wheat flour	bag	34.50	35.00	39.00	42.50	42.00	41.00	40.50
Groundnut oil	100 T.C.	312.50	290.00	370.00	315.00	300.00	275.00	275.00
Cotton yarn	piece	1,812.50	1,750	1,825	1,890	1,990	1,820	2,010
Grey sheeting	piece	55.00	47.00	50.00	60.00	67.00	63.00	84.00
"Chengchun"	piece	43.50	43.50	42.00	46.80	58.30	57.60	57.60
Granulated sugar (AI)	100 kilos	320.00	320.00	320.00	400.00	400.00	390.00	300.00
Blat (ORO)	piece	32.00	32.00	32.00	32.00	32.00	32.00	28.50
Gold bar (new)	1000 gms.	349.25	350.00	360.00	365.00	365.00	365.00	400.00
Bean cake	T. taal	—	9.50	9.50	8.50	9.90	11.90	11.90
US note	US\$1.00	—	—	—	—	—	—	—

One of the important financial features of this half year was that any amount of Government fund and military expenditure had to be deposited in the Bank of Taiwan. Then the proportion of deposits in the Bank of Taiwan and the other banks which in-

	Balance of deposits		Balance of loan capital	
	Bank of Taiwan	Bank of other banks	Bank of Taiwan	Bank of other banks
	Total	Total	Total	Total
Dec. 1949	168,972	44,842	213,814	517,619
Jan. 1950	215,164	41,796	256,960	531,287
Feb.	259,965	40,011	303,976	39,560
Mar.	289,709	36,490	609,212	40,733
Apr.	333,813	36,519	684,651	54,530
May	344,193	74,877	419,070	739,189
June	—	81,951	731,201	49,197
				800,358
				46,576

The notes of the New Taiwan Currency were issued on June 15, 1949. The issued amount at the end of 1949 (NT\$197,628,170) was about five times that at the end of June, 1949 (NT\$31,895,650). With the base period, June 15-30, 1949, the average wholesale commodity price index of December 1949, was 182.78, i.e., 82.78% higher than that of the base period. The further increases in prices has been prevented by the contracting policy of note issue. The Government was certainly successful in reducing the note issue from just below the legal limit to two hundred million dollars (NT\$) to the officially announced total of NT\$195,740,471 at the end of June. This represented a decrease of 0.96 percent below the official figure of NT\$197,628,170 reported for the end of December, 1949. The actual totals of note issue in the past half year announced officially were as follows.

Class	JANUARY Import	JANUARY Export	FEBRUARY Import	FEBRUARY Export
Ores	53,070	3,773,769	393,717	—
Minerals	—	—	—	129,026
Fuel	2,421,205	156,123	9,954,413	432
Beans	9,148,824	—	13,642,991	—
Fertilizer	23,157,492	—	89,663	—
Metals	12,020,060	143,492	336,530	488,956
Bamboo wood	909,838	—	6,803,252	—
Machines and tools	542,674	—	73,550	141,667
Cotton goods	28,277,034	—	30,065,445	—
Cement	25,465,965	—	22,045,276	—
Sugar	41,064,471	131,338	—	90,000
Coconut	—	—	52,831,566	—
Salt	1,430,500	579,800	278,380	1,287,894
Vegetable oil	4,674,308	6,134,200	5,515,167	—
Canned goods	—	—	—	—
Meat	—	252,452	—	569,860
Building materials	7,116,782	1,747,564	5,700,688	1,194,419
Earthen ware	1,320	—	14,000	5,174
Rice	—	—	—	5,295
Lumber	977,389	928,662	304,832	237,122
Sundries	58,593,948	6,380,725	26,880,538	3,376,902
Class	MARCH Import	MARCH Export	APRIL Import	APRIL Export
Ores	508,160	—	630,720	—
Minerals	—	—	—	130,101
Fuel	1,638,026	77,160	1,605,630	851,859
Beans	13,422,207	378,971	28,741,724	—
Fertilizer	7,006,441	—	11,037,623	—
Metals	604,145	59,201	356,617	56,816
Bamboo wood	14,145,433	—	11,396,087	—
Machines and tools	15,632,959	261,734	226,125	137,490
Cotton goods	22,326,576	—	10,491,422	—
Cement	—	—	46,406,772	—
Sugar	2,466,000	237,219	69,199,864	163,116
Coconut	844,215	1,371,500	110,000	34,175,853
Salt	2,437,135	18,710	—	231,785
Vegetable oil	—	794,034	8,236,091	—
Canned goods	—	1,194,569	—	525,596
Meat	3,812,999	7,814	—	1,246,225
Building materials	1,970	—	16,341,297	—
Earthen ware	—	—	44,950	—
Rice	—	—	—	6,165
Lumber	869,979	964,572	2,485,616	1,952,419
Sundries	40,593,950	9,317,507	3,866,515	11,205,413

	(dollars in New Taiwan Currency)
Dec. 1949	197,628,190
Jan. 1950	192,331,190
Feb.	192,331,190
Mar.	190,418,261
Apr.	196,608,269
May	196,392,268
June	195,740,471

About Taiwan trade, complete figures for the first six months of 1950 are not yet available, but the total import, during Jan.-Apr., 1950 (NT\$547,614,530), was NT\$290,109,709 more than the total export of the same period (NT\$257,504,821). The various import taxes collected in the first six months 1950 amounted to NT\$7,740,000. According to Keelung Port Administration's report, the total import in the first half year into Keelung was 332,618 tons in weight (NT\$767,372,396) and the total export from the same port, 25,218 tons (NT\$78,266,898).

Imports and exports (Unit: NT\$) of the first four months 1950:

Class	JANUARY Import	JANUARY Export	FEBRUARY Import	FEBRUARY Export
Ores	53,070	3,773,769	393,717	—
Minerals	—	—	—	129,026
Fuel	2,421,205	156,123	9,954,413	432
Beans	9,148,824	—	13,642,991	—
Fertilizer	23,157,492	—	89,663	—
Metals	12,020,060	143,492	336,530	488,956
Bamboo wood	909,838	—	6,803,252	—
Machines and tools	542,674	—	73,550	141,667
Cotton goods	28,277,034	—	30,065,445	—
Cement	25,465,965	—	22,045,276	—
Sugar	41,064,471	131,338	—	90,000
Coconut	—	—	52,831,566	—
Salt	1,430,500	579,800	278,380	1,287,894
Vegetable oil	4,674,308	6,134,200	5,515,167	—
Canned goods	—	—	—	—
Meat	—	252,452	—	569,860
Building materials	7,116,782	1,747,564	5,700,688	1,194,419
Earthen ware	1,320	—	14,000	5,174
Rice	—	—	—	5,295
Lumber	977,389	928,662	304,832	237,122
Sundries	58,593,948	6,380,725	26,880,538	3,376,902

ECONOMIC REVIEW OF BRITISH NORTH BORNEO

Since reoccupation of North Borneo, major efforts of the Government have been directed toward rehabilitation of harbour, port, and other transportation facilities, telecommunications, and public utilities. Emergency rehabilitation of the majority of these facilities was nearing completion in the early part of 1949. Little progress has been made, however, in other types of reconstruction. Construction of permanent buildings is still prohibited and only 2-year occupation licenses are allowed for the erection of temporary buildings. The temporary quarters are in many cases totally inadequate and slum areas are already springing up which will be difficult to eradicate. Commercial houses are unable to expand and new firms wishing to establish a business in the colony will not do so until adequate buildings are available.

Probably the most significant aspect of North Borneo's economy for 1949 was the increase in foreign trade. Exports for the year totaled S\$37,716,589¹ as compared with S\$29,750,000 for 1948, or an increase of approximately S\$8,000,000. Imports for 1949 amounted to nearly S\$34,000,000 compared with S\$23,500,000 for the preceding year. Thus, North Borneo ended the year with a favourable balance of trade of nearly S\$4,000,000 and with increased revenues from both import and export duties accruing to the colony.

The estimated operating costs of the Government and capital expenditures for North Borneo for 1949 totaled S\$19,000,000. Of this total, the British taxpayer was called upon to subsidize the colony at the rate of approximately S\$0.475 out of each Malayan dollar. A high cost of living prevailed in the colony throughout the year despite a good food supply position and a reduction in the price of rice and sugar.

FOREIGN TRADE

Six or eight old, well-established British import-export houses handle an estimated 55 to 60 percent of the foreign and domestic trade. Most of them also have extensive holdings in rubber, timber, and other produce. These houses perform the function of wholesalers and also maintain servicing facilities. The British import-export houses, together with a few Chinese import-export houses, virtually control all phases of foreign and domestic trade. Practically all retail shops are Chinese.

North Borneo's foreign trade for 1949 reached an all-time high of S\$37,716,589 in exports and S\$33,970,972 in imports, giving a favourable balance of trade of S\$3,745,617. Tables 1 and 2 show the total value and the principal exports and imports for 1948 and 1949.

Exports

The major factor contributing to the colony's favourable trade balance was the significant increase in exports of copra. About 30 percent of the net

exports represented copra which had been either shipped or smuggled into the colony from Dutch Borneo. The prevailing high prices for copra on international markets proved to be an added stimulus to local production. Exports of firewood showed a considerable increase which was due almost entirely to the fact that Hongkong's supply of firewood from Shanghai and other parts of China was cut off, thus affording North Borneo with a substantially increased market. Export of cutch were the colony's second largest United States dollar earner, with rubber being first. The world shortage of hemp and the high prices now prevailing for all grades stimulated an increase in production and export of this commodity. Increased demand from Hongkong, Australia, China, the United Kingdom, and South Africa accounted for the increase in timber exports for the year. Rubber, the main export crop, proved to be the only one of the major exports which showed a decrease for the year.

In view of the fact that the official export statistics indicate only value and volume of trade and not ultimate destinations of the commodities exported from North Borneo, it is possible to give only rough percentage estimates of the principal exports to world markets. It is estimated that approximately 50 percent of rubber exports go to Singapore, 25 percent to the United Kingdom, 15 percent to Europe, and 10 percent to the United States. Exports of coconut products go chiefly to Hongkong and Singapore, each taking about 35 percent and the United Kingdom purchasing 30 percent. Timber exports have their destinations approximately as follows: Hongkong, 35 percent; Australia, 30 percent; China, 20 percent; United Kingdom, 13 percent; and other countries, 2 percent. Hemp is marketed almost entirely in the United Kingdom. Cutch goes chiefly to the United States, which purchases more than 90 percent of the total exports, with Japan taking about 8 percent.

Commodities valued at S\$774,606 were reexported from North Borneo during the year. Labuan trade, which is not included in the official statistics, amounted to an estimated S\$16,000,000 in 1949. This trade was entirely entrepôt with the Brunei oilfields.

Imports

Of North Borneo's total imports of S\$33,970,972, the largest expenditure was for rice, imports of which increased about 40 percent over the preceding year's imports. Imports of provisions, which included various types of staple and other food items, such as flour, canned fruits vegetables, and milk, butter, and confectionery, increased 22 percent over like imports for 1948. Textile imports in 1949 increased over those of 1948 by 35 percent; petroleum and gasoline imports by 61 percent; and sugar, by 34 percent. Imports of other goods, such as building materials, medicines, paints, perfumery and cosmetics, and wines and

liquors, also showed increases in 1949 as compared with those for the preceding year. Tobacco, dyes, and chemicals were the only imports of any importance which decreased in 1949, compared with those for 1948.

As in the case of official export statistics, only volume and value of imports into the colony are shown with no indications as to where the goods originated. Rough estimates, however, indicate that of North Borneo's total imports for 1949 approximately 23 percent were from Australia, 22 percent from the United Kingdom, 18 percent from Europe, 8 percent from Thailand, 12 percent from Asia (a large proportion being rice from Burma), 6 percent from the Philippines, 7 percent from Hongkong, 3 percent from the United States, and 1 percent from Canada.

Trade Controls and Custom Duties

The control of imports into North Borneo is vested in the Comptroller of Customs, who passes on all import permit applications. Substantially the same restrictions on the importation of goods from hard-currency sources apply to North Borneo as to Malaya except that the colony has no published form of import guide. The Comptroller of Customs, although vested with more flexibility in decisions concerning hard-currency goods, generally follows the provisions of the Malayan Import Guide. When the Comptroller of Customs has granted approval to an import license application, it is forwarded to the Financial Department, which performs the functions of a Controller of Foreign Exchange. Once an import license has been approved by the Comptroller of Customs it is ordinarily passed by the Financial Department.

The Colony of North Borneo imposes customs duties on a large variety of imports and exports. The total customs revenue obtained from foreign trade in 1949 amounted to S\$6,893,950, with S\$1,832,582 from exports and S\$5,061,358 from imports, compared with a total 1948 revenue of S\$5,426,310, of which S\$1,404,919 represented revenue on exports and S\$4,021,391 on imports.

AGRICULTURE

Crops

Rice.—Approximately 40,000 to 45,000 acres of rice are planted in wet paddy fields yielding about 1,800 pounds per acre. The paddy lands are at present almost entirely dependent on rainfall for their irrigation. It is estimated that North Borneo requires an additional 20,000 acres of wet paddy before the country can become self-sustaining in rice. While the production of dry paddy is uneconomical, with yields averaging only one-third ton per acre, it has proved profitable to the hill tribes. The present acreage of dry paddy is roughly estimated at 30,000.

The 1948-49 rice crop totaled about 27,000 to 28,000 tons and it is estimated that the 1949-50 crop may amount to more than 30,000 tons. If so, North Borneo will import about 10,000 tons. Stocks on hand in the interior are estimated to be ample for eighteen months.

¹ Average rate of exchange: January 1, 1949-September 19, 1949, S\$1 equaled US\$0.475; September 20, 1949 (after sterling devaluation) to December 31, 1949, S\$1 equaled US\$0.326875.

Table 1.—North Borneo; Exports of Principal Commodities, 1948-49

(Value in thousand Straits dollars)

Commodity	Quantity		Value	
	1948	1949	1948	1949
Total	—	—	29,742	37,717
Rubber	20,087	19,528	18,508	37,717
Coconuts	4,378	13,082	40	109
Coconut oil	900	359	623	261
Copra	4,012	19,010	1,718	7,558
Timber	3,458	3,553	3,018	5,444
Tobacco	207	274	1,546	2,066
Firewood	34,202	74,756	376	1,498
Cutch	2,252	3,814	676	1,144
Hemp	583	802	393	773
Others	—	—	2,844	2,923

Rubber.—The total area under rubber amounts to 130,000 acres, of which estates of over 100 acres have 75,000 acres and small holdings (estates of less than 100 acres) total 55,000 acres. Of the 55,000 acres in smallholdings, holdings of 25 to 100 acres amount to 18,000 acres and those under 25 acres amount to 37,000. Large estate-allocated lands total 194,000 acres, thus indicating that less than one-half the total area has been utilized as yet. The natives of the country cultivate 10,000 acres of rubber while the Chinese account for about 60 percent of the total annual production.

Major factors limiting the expansion of rubber production at present are the lack of adequate transportation facilities and labour. Present needs call for an additional 7,000 labourers for rubber tapping. Many Chinese who were rubber tappers before the war have now either obtained small acreages or have become shopkeepers.

Rubber production for the year 1949 totaled 19,528 tons as compared with 20,087 for the preceding year. The decrease in production was attributed mainly to the low prices for rubber which prevailed up to the devaluation of sterling on September 20, 1949, and also to labour shortage. It is estimated that production will increase to well over 20,000 tons in 1950.

Coconut products.—Over 19,000 tons of copra were exported in 1949, chiefly to Singapore, as compared with 4,000 tons in the preceding year. It is estimated that 35,000 to 36,000 acres of land, mostly owned by Chinese smallholders, are planted to coconut trees. There appears to be little prospect of expanding the present acreage, despite prevailing high prices for copra, owing to the shortage of labour.

Hemp.—The only hemp-producing area at the present is located near Tawau in the southern part of the East Coast Residency almost bordering Dutch Borneo. The five hemp estates consisting of about 15,000 acres, which were Japanese-owned prewar, were sold in 1948 to two private companies. Hemp production for 1949 totaled 802 tons compared with 583 tons in the preceding year. It is estimated that production for 1950 will total approximately 1,500-1,800 tons. Output is de-

pendent, however, on the extent to which destruction of plantings may be necessary because of a disease which attacked the plantings in 1949.

Tobacco.—At present, there is only one major tobacco-producing area, which is located on the banks of the Segama River in Darvel Bay where an estate of about 12,000 acres produces high-grade cigar-wrapper leaf. Although the company intends to expand its operations, it has not been able to do so because of labour shortages in the area. Exports of tobacco in 1949 amounted to 273,852 pounds as compared with 206,579 pounds in the preceding year. Indications are that production in 1950 will increase from 5 to 10 percent over the 1949 figure.

Other crops.—Large quantities of sago are grown and eaten by about one-tenth of the population. Coffee, tea, groundnuts, corn, cotton, and oil palms are also grown to a limited extent.

Animal Husbandry

The water buffalo is used as a beast of burden in the paddy fields, supplies the manure, and is the main source of meat. The water buffalo population has increased slightly over the 1938 figure of 47,000, and is now estimated at about 50,000. There are estimated to be about 11,000 head of cattle in North Borneo as compared with 23,000 prewar (1938), concentrated mainly in Kota Belud and Keningau, with small Indian-owned dairy farms near the main towns. The possibilities of any substantial increase in cattle for the next few years do not appear to be encouraging. Until high-yielding fodder grasses are introduced, and major increase in herds can take place only in new country where stock can be kept on range conditions. Hogs totaled about 55,000 in 1949 compared with 35,000 in 1939. The main centres of production are the coconut areas of Kudat, Sandakan, Lahad Datu and Tawau and the sago area of the Klias Peninsula. The hogs reared near the coconut plantations are fed on punak, the residue after the oil has been pressed from copra, whereas the hogs raised in the sago areas are fed on the surplus sago. Large numbers of goats contribute to the meat supply. There are no estimates on the numbers of poultry.

Table 2.—North Borneo; Imports of Principal Commodities, 1948-49

(Value in thousand Straits dollars)

Commodity	Quantity		Value	
	1948	1949	1948	1949
Total	—	—	25,419	33,971
Rice	8,168	12,495	4,282	6,017
Provisions	—	—	3,563	4,357
Textiles and clothing	—	—	2,825	3,799
Petroleum products	—	—	1,785	2,916
Sugar	3,137	4,610	1,782	2,388
Tobacco products 1,000 lb.	408	448	2,438	1,998
Machinery	—	—	955	1,465
Metal products	—	—	922	1,415
Tires and tubes	16,182	18,282	146	124
Vehicles and parts	—	—	833	1,559
Others	—	—	5,888	7,933

FORESTRY AND FISHING

Forest Products

Approximately 24,000 square miles, or 82 percent, of North Borneo are in forests with accessible timber areas located in the east and south coasts and along the Kinabatangan, Labuk, and Segama Rivers. Of the 24,000 square miles of timber land, it is estimated that about 4,000 square miles may be considered as having commercial potentialities.

The colony is well known for some of its hardwoods, particularly red seraya, keruing, camphorwood, and ironwood. There are also many other species suitable for cabinet-making and general purposes and also types suitable for the manufacture of matches. The conversion rates are well up to standard, with the better qualities exported to the European market having a conversion rate of about 60 percent. The Hongkong market takes the lower grades where the conversion rate usually averages about 40 percent.

Trees seldom occur in large stands of any one type. The overall cost of extraction is increased, therefore, with a corresponding reduction in the potential value of the forest land. In good areas the merchantable hardwood timber may reach as high as 2,000 cubic feet per acre with a general average of about 350 cubic feet. Efforts have been made to estimate the potential sustained yield of merchantable timber but surveys have been so limited that no reasonably accurate figures can be given. Aerial surveys, which are being carried on at present, may possibly produce more accurate results.

The centre of the timber industry is Sandakan and the companies presently operating have concentrated their attention on the areas of the Kinabatangan and Labuk Rivers and the forests near Tawau. Exploitation in these areas has been limited owing to lack of roads, and consequently operations extend not more than 20 miles inland from the coast. The British Borneo Timber has held the first place in the timber industry by virtue of its monopoly, which dates back to 1920 when an agreement was made with the Chartered Co., which had the governing control of North Borneo in prewar years. Under the terms of the agreement, the timber company was granted a complete monopoly over about 95 percent of the colony's forests.

The sawmill of the British Borneo Timber Co., located in Sandakan, has by far the largest output of the 20 sawmills operating in the colony. The maximum output exceeds 500 cubic feet per day based on an 8-hour day. As in the past, the company's main exports are in the form of logs.

The second largest sawmill in the country, also in Sandakan, is owned by the North Borneo Trading Co. This company owns a certain amount of freehold and carrying timber rights acquired prior to the agreement between the Chartered Co. and the British Borneo Timber Co. It also owns timber concessions as a sublicensee of the British Borneo Timber Co. The North Borneo Trading Co. exports sawn timber to a greater extent than logs. Its present output is approximately 450 cubic feet per 8-hour day. The company has plans for the expansion of its sawmill and also may establish a plywood factory in 1950.

Three fairly large sawmills are located at Lahad Datu (east coast) and Papar (west coast). Several small sawmills are located throughout the colony, particularly on the west coast between Jesselton and Beaufort. These mills, which are owned by Chinese, are the main producers of timber used for the rebuilding of houses in that area. Many of these mills are uneconomical.

The estimated timber production for 1949 was 4,300,000 cubic feet, of which approximately 2,950,000 cubic feet of logs and sawn timber were produced and exported by the large timber companies, 600,000 cubic feet by the smaller concerns, and 750,000 cubic feet cut for local consumption. With the large sawmills operating at capacity production and still 3 to 4 months behind on their foreign contracts, there is no doubt that timber production in 1950 will show a considerable increase over the preceding year.

In addition to timber, other forest products of importance are cutch, extracted from the bark of the mangrove tree, charcoal made from mangrove wood, and certain jungle products.

Fisheries

A commercial venture, approved by the Government, has started in 1950 whereby eight Chinese junks from Hongkong, about 60 to 70 feet each in length, will carry on fishing activities along the west coast of North Borneo. If successful, more boats of this type may be brought in. The principal fisheries products exported during the year were salt fish, dried prawn and prawn dust, shark fins, and trochus shells.

MINING

All prospecting rights in North Borneo were for many years before the war vested in the British Borneo Exploration Co., which did very little apart from an abortive attempt to work a manganese deposit. The Chartered Co., finding that little progress was being made by the British Borneo Exploration Co., reacquired the rights of this company in 1927 and a mining ordinance was passed covering the

prospecting rights for all minerals excluding coal, oil, and precious stones, which were dealt with by special concessions granted to selected companies. Prospecting has been done only by private firms and little geological information is available.

Production of minerals was almost negligible in the colony in 1949 and it is doubtful whether any will occur in 1950. An oil company carried out surveys during the year in several areas in North Borneo, but it is doubtful that these areas will be exploited until the existing fields around Seria (in Brunei) and Miri (in Sarawak) near exhaustion.

Seams of coal were worked on a commercial scale years ago in the Cowie Harbour area and in Labuan. It is questionable whether the Labuan mines will ever be worked again since most of the shafts have been flooded with sea water. In the Cowie Harbour area a private firm had a lease on 3,000,000 acres, with production averaging 8,000 tons per month. The company closed in 1931 because of the heavy production costs and low prices which prevailed at that time. No mining has been done since and the land has reverted to the Government.

Manganese deposits are known to exist at Taritipan in the Marudu Bay area. The British Borneo Exploration Co. failed in its attempt to mine this deposit in 1910 and no effort has been made to reestablish operations. It is believed that deposits might be substantial and a geologist is to be assigned to the job of performing exploratory work in this area in 1950.

Reports indicate there is some gold in the colony, particularly in the upper reaches of the Segama and Kinabatangan Rivers, but its source is as yet undiscovered. Copper deposits are evident in the Labuk District and limestone deposits occur both in the Kinabatangan and Segama areas and in the interior of the country around Pensiangan. There is a deposit of silica near Beaufort which might be found suitable for the commercial production of glass. Sandstone and shale suitable for road-making are widely distributed.

FINANCE

The total Government expenditure for 1950 is estimated at over S\$22,000,000 compared with S\$19,000,000 for 1949. The total revenue for 1950 is tentatively estimated at S\$11,000,000, compared with the revised estimates for 1949 of just over S\$10,000,000. The difference between estimated expenditure and revenue makes it necessary for the colony to obtain from the United Kingdom additional amounts needed for expenditures.

In July 1949 the White Paper on War Damage Compensation was adopted. Assessment of war damage has apparently been proceeding steadily during the year. Approximately one-half of the claims on record, which total S\$41,000,000, have been assessed. Subject to the passing of the necessary legislation on war-damage compensation, payment of awards could probably commence in the early part of 1950.

TRANSPORTATION AND COMMUNICATION

Transportation

Shipping.—With the exception of emergency rehabilitation and limited developments to the main ports and harbours in North Borneo, no further progress has been made.

The total net registered shipping tonnage at ports in North Borneo during 1948 was 813,708, distributed as follows: Labuan, 261,175; Sandakan, 297,154; Jesselton, 91,957; Kudat, 67,946; Tawau, 38,096; Semporna, 30,448; and Lahad Datu, 26,932. Shipping totaling almost 2,000,000 gross tons was recorded during 1949, with Labuan handling 644,000 tons, Sandakan 612,000 and Jesselton 212,000. The ports of Tawau, Lahad Datu, Kudat, and Semporna handled the remainder. The 1949 total is over twice the precedings year's figure and is a significant indication of the increased trade.

Civil aviation.—Work on the airstrip and the overruns at Jesselton was finished on June 1, 1949, and the runway at Sandakan was completed on October 6, 1949. Work is continuing on increasing the length of the airstrip to 2,000 yards at Labuan.

Roads.—Construction of about 24 miles of road is in progress which, when completed, will join Jesselton with the rich agricultural district around Kota Belud. Other projects are in the planning stage.

Railways.—The North Borneo State Railway, the only railroad in the colony, runs south from Jesselton for 57 miles to Beaufort and on for about 39 miles through the Padas Gorge to Meialap. Another section runs from the south side of the Padas River at Beaufort for 20 miles to the coast at Weston, a small port on Brunei Bay. The railway suffered extensive damage during the war which has continued to make operation difficult. Shortage of skilled technical staff and of essential equipment and machine tools added to the difficulties. Progress on rehabilitation was help up pending a decision on the future transport policy in regard to the areas served by the railway system.

Communications

Telecommunications.—A limited radiotelephone service between Sandakan and Jesselton was opened to the public in May 1949. The new automatic telephone exchange at Sandakan was partially installed but could not be completed as all the equipment had not arrived. A new manual telephone switchboard is being installed at Jesselton. Wire for renewing district telephone lines has arrived, after having been on order for 4 years, and the work of reconstructing important lines in the Kudat area and the Interior Residency has commenced.

LABOUR

One of the basic problems retarding the development of North Borneo is the lack of manpower. Underpopulation has always been a problem. The progress of the country within the next

INDO-CHINA'S ECONOMY - JANUARY TO JUNE 1950

Some pointers are beginning to be available of the state of the economy of Indo-China during the first half of 1950.

During the opening quarter the output of coal reached a total of 101,200 metric tons, of which about 9% was exported and output increased slightly to 104,100 tons during the second quarter. This total compares with an output of 89,800 tons and exports of 1,400 tons during January-March, 1949.

few years depends, in large part, upon the Government's efforts to increase the labour supply.

During the occupation many labourers, primarily Javanese and Chinese, were killed by the Japanese or starved, while others will never recover to be able to perform their prewar occupations. Other labourers acquired land during and shortly after the occupation and will not return to their former occupations. The indigenous population of North Borneo has little desire to leave the villages. Furthermore, the Government's present policy is to develop an agricultural policy whereby the natives will improve their standard of living by means of increased crop production on smallholdings.

At the end of 1949 (figures for 1941 in parentheses), there were 18,923 labourers (20,503) in the colony, of whom 10,040 (16,596) worked on estates (primarily rubber estates), 4,996 (3,907) in secondary industries, and 3,887 in Government work, such as construction of roads and buildings. The considerable decrease in the number of labourers presently employed on estates as compared with 1941 is due partly to the war and to the fact that the Government now employs a large number of workers on rehabilitation and development projects. More than half of the labourers recruited before the war were Javanese and Chinese, numbering about 2,500 and 6,500, respectively. Prewar wages, which averaged \$0.50 to \$0.60 per day, are now estimated at \$1 to \$1.50 per day.

Agricultural estates, primarily rubber estates, urgently require at least 3,500 additional labourers for present needs as well as development purposes. Secondary industries, for present needs and development, require an additional 1,200, and the Government's requirement for construction and development amount to 500. Thus, the total estimated labour needs may be placed at about 5,200. The Government has endeavoured, unsuccessfully, during the past 2 years to obtain Javanese labour to meet these requirements.

Rubber exports reached a total of 20,816 tons (mainly from the production of the preceding year) during the first four months of 1950, as compared with 15,723 tons during the same period of 1949; it is estimated by the "Bulletin Economique de L'Indochine" that exports for the whole of 1950 will reach a total of about 200,000 tons, which compare with 170,000 tons for the whole of 1949 and 230,000 tons in 1948.

Indochinese production of rubber in 1949 amounted to 43,700 metric tons, of which 26,850 tons came from South Vietnam (61.4%), Cambodia produced 15,650 tons (35.8%), and South Annam's output amounted to 550 tons (1.3%). The small and medium plantations turned out 650 tons (1.5%). (However, during March and April of this year the average monthly production of 2,206 tons is well below the monthly average of 3,584 tons during 1949). The above figures compare with a total output of 72,240 metric tons in 1940, of which South Vietnam accounted for 51,240 tons (70.9%), Cambodia for 20,150 tons (27.9%), South Annam for 820 tons (1.1%). The decline in rubber production is most notable in South Vietnam, where it has been roughly halved.

The prospects for the rice crop, owing to the unsatisfactory rainfall in March, particularly in Northern Vietnam are not good. In Southern Vietnam the owners of paddy fields have met with much the same difficulties as in preceding years in amassing their crops. These are attributable to the general state of insecurity and the unwillingness of the farmers to repay loans. In the region of the Trans-Bassac, the continued blockade has compelled both the landowners and the farmers to sell their crops at a low price, which has only benefited intermediaries. Now that the harvest for 1949/50 is completed in all provinces it is possible to assess the size of this year's rice crop. An estimate by the "Bulletin Economique du Vietnam" puts the available exports from South Vietnam, (after the needs of the North have been satisfied), at 200,000 metric tons, (as compared with 170,000 tons in 1949). Shipments were made through Cholon in March from the Central provinces and the Cis-Bassac amounting to 3,238 metric tons of paddy; there were in addition 472 tons of rice coming forward from Tan-An, Mytho and Bentre, and 7,673 tons of paddy and 1,700 tons of rice were shipped from Vinhlong and Travinh. However, the crop is not moving at all from the provinces of Sadec, Longxuyen and the Trans-Bassac.

As regards North Vietnam paddy in the fifth month, despite a shortage of water, early estimates are that an increased area is under cultivation; the increase might have been even greater if the peasants had not been compelled to give up part of their land, owing to the present disturbances. Present estimates are that in four districts of the province of Nam Dinh (My-Loc, Nam-Truc, Vu-Ban and Binh-Ly) the cultivated area totals 1,296 hectares.

Wholesale prices at Saigon-Cholon were beginning to decline at the beginning of 1950, owing to the consumption of locally grown rice and the fall in the price of such imports as textiles and paper. The general price index fell during the first quarter of the year from the January figure of 2,000 (based on January, 1939) to 1,880 in March. However, the trend was somewhat reversed during the next quarter, when the index rose slowly to 1920. A contributory factor in the earlier decline in prices is due to the downward trend in rice prices. The market rate for the latter in October, 1949 stood at IC\$289, in January of this year the rate for 100 Kilos of No. 1 grade rice (25% broken) fell to \$235 in January, declining further to \$215 in February and to \$204 in March. At this level prices are approaching those ruling at Bangkok and Rangoon; lower prices may be due to the absorption on world markets of the local surplus of 100,000 tons—after meeting the needs of North Vietnam and the French Union.

On the other hand it is worth noting that better prices have been received for pepper (60% up), Kapok and hides, although the volume of sales was not substantial for these commodities. Pepper production for 1950 is estimated at 750 tons.

The Foreign Trade of Indochina during the first four months of 1950 increased in tonnage as regards imports, while exports declined, when compared with the corresponding period of last year. The value of the trade—presumably as the aftermath of devaluation—rose substantially in the case of imports and to a lesser extent, as regards exports. Imports reached a total of 164,200 metric tons against 132,200 tons, last year, at a cost of IC\$1,230,700,000 against \$952,900,000 between January and April 1949. As regards exports, the tonnage declined from 145,200 tons to 118,700 tons, although there was a small increase of IC\$27,600,000 in the value of the exports. The deficit on imports over exports thus amounted to IC\$778,300,000.

Detailed official statistics of agricultural and industrial production and of the foreign trade of Indochina now available indicate the following position:—

INDOCHINA'S PRODUCTION

		1938	1949		1950			
	UNITS	Monthly Average	Monthly Average	June	March	April	May	June
AGRICULTURE AND STOCK RAISING								
Rubber								
Cultivated Area	1,000 Ha	114.	46.4	49.0	39.8	50.8	—	—
Production	Tons	6,000	3,584	3,632	1,615	2,798	—	—
Sheet	"	4,200	2,336	2,506	776	1,531	—	—
Crepe	"	—	562	493	323	612	—	—
Local Consumption	"	15	82	72	105	88	52	73
Forests								
Production:								
Timber	1,000 cu. m.	72.7	21.1	20.0	11.7	13.5	15.4	—
Wood for fuel	1,000 st.	157	76.4	82.0	82.4	65.9	74.9	—
Charcoal	Tons	7,817	1,472	1,860	1,975	2,174	1,950	—
Cattle								
(Controlled Slaughtering)								
Beef Cattle	Head	6,530	7,997	7,331	9,376	8,728	9,052	—
Calves	"	2,540	1,353	1,425	998	1,490	880	—
Pigs	"	28,000	53,862	52,067	67,223	67,437	69,511	—
Shipments from Cambodia on Saigon								
Beef Cattle	Head	—	3,585	3,781	4,798	5,639	5,485	—
Calves	"	—	773	910	817	894	487	—
Pigs	"	—	4,890	4,865	7,937	6,595	7,671	—
INDUSTRIAL OUTPUT								
Coal (North-Vietnam)	1,000 T.	194.6	31.3	24.5	34.7	48.0	29.0	27.1
Cement (North-Vietnam)	"	22.2	12.8	11.4	11.5	16.0	10.6	7.8
Alcohol (South Vietnam)	1,000 l.	1,830	558.9	433.2	495.1	499.2	842.2	628.6
Cambodia	"	350	660.0	690.5	748.2	651.0	671.3	611.8
Beer	1,000 Hl.	8.3	22.3	16.8	28.5	30.3	35.7	31.9
Mineral Water	"	3.4	4.8	5.8	9.1	9.5	10.6	10.0
Ice	1,000 T.	3.3	7.6	6.7	8.2	8.8	10.8	10.0
White Sugar (South-Vietnam)	Tons	1,500	76	124	426	462	330	8.5
Brown Sugar	"	2,170	672	333	259	341	198	241
Salt	"	3,072	9,465	8,574	960	8,007	22,819	7,263
Tobacco	"	278	328	292	490	341	440	365
Oxygen	1,000 cu. m.	10	23.1	24.8	32.2	19.4	35	32.7
Acetylene	"	2.5	10.5	10.5	12.9	10.7	12.3	11.8
Electricity:								
North-Vietnam	Million	4.7	4.9	2.3	5.9	5.9	6.3	6.1
Dalat	"	—	0.3	0.3	0.3	0.3	0.3	0.3
Saigon	Kwh	3.2	6.4	6.2	7.9	7.9	8.0	7.6
Phnom-Penh	"	0.5	1.0	—	1.0	1.0	1.0	—

FOREIGN TRADE

IMPORTS	UNITS	1949		1950		IMPORTS	UNITS	1949		1950	
		April 4 months	April 4 months	April 4 months	April 4 months			April 4 months	April 4 months	April 4 months	April 4 months
Tonnage	1,000 T.	37.6	132.2	44.2	164.2	Tobacco	"	3.805	18.846	7.378	28.360
Value	1,000,000 \$	264.1	952.9	353.3	1,230.7	Motor Spirit	"	5.546	21.532	5.242	24.308
Volume Index 100: 1938	130	118	—	—	—	Heavy Petroleum	"	—	—	—	—
Price Index 100: 6 mths	1,315	1,308	—	—	—	Products	"	1,260	4,826	1,770	6,885
PRODUCTS 1939						Pharmaceuticals	"	5,280	20,632	1,245	5,096
Animals (live)	Tons	275	981	60	417	Essential Oils	"	—	—	—	—
Dairy Products	"	319	1,322	811	2,357	Perfumery	"	4,639	21,345	11,100	35,458
Potatoes	"	1,042	3,417	603	4,140	Rubber Articles	"	1,780	8,574	3,350	8,113
Wheat Flour	"	1,703	5,134	1,669	10,084	Paper (etc.)	"	2,505	13,323	5,107	18,617
Sugar	"	20	6,490	2,422	7,845	Cotton Yarn	"	9,162	31,957	8,983	30,896
Preserved Vegetables	"	204	746	827	2,154	Other Yarns	"	3,602	16,293	12,423	39,294
Wines (etc.)	"	311	1,519	961	3,949	Cotton Piece Goods	"	3,161	8,380	7,264	21,385
Brandy & liqueurs	"	68	487	170	586	Rayon Piece Goods	"	38,354	174,495	60,652	220,624
Tobacco	"	312	1,439	451	1,754	Jute bags (empty)	"	9,022	34,513	9,921	35,389
Motor Spirit	"	7,371	27,793	6,158	28,468	Iron and Steel	"	18,583	32,980	6	2,942
Heavy Petroleum	"	—	—	—	—	Metal Products	"	7,421	26,823	11,085	56,134
Products	"	2,062	7,811	3,510	13,852	Machinery and	"	—	—	—	—
Pharmaceuticals	"	2,651	13,511	488	2,832	Apparatus	"	17,636	48,208	14,408	44,357
Essential Oils	"	78	440	161	471	Electrical Equipment	"	20,500	59,314	28,140	83,947
Perfumery	"	46	195	63	173	Railway Equipment	"	4,457	23,009	13,908	38,923
Rubber Articles	"	90	475	211	727	Automobile & spare	"	—	—	—	—
Paper (etc.)	"	1,351	4,498	1,241	4,892	parts	"	7,033	8,700	1,803	2,169
Cotton Yarn	"	70	287	290	863	Bicycles, motor bicy-	"	12,056	52,930	9,956	36,445
Other Yarns	"	147	264	133	655	cles & accessories ..	"	4,106	19,480	6,943	24,335
Cotton Piece Goods	"	524	2,940	877	3,241	IMPORTS					
Rayon Piece Goods	"	—	—	—	—	Principal Countries	UNITS	1949	1950	1950	1950
Jute bags (empty)	"	59	230	83	281	of Origin		April 4 months	April 4 months	April 4 months	April 4 months
Iron and Steel	"	2,452	3,886	1	446	France	1,000 T.	14.8	41.4	25.4	89.7
Metal Products	"	2,871	9,625	4,231	23,038	France Overseas	"	0.2	7.5	2.9	10.0
Machinery and	"	2,754	5,527	2,710	5,641	U. S. A.	"	7.8	23.2	2.6	7.4
Apparatus	"	839	2,574	853	2,859	India & Pakistan	"	2.2	3.1	—	1.2
Electrical Equipment	"	—	—	—	—	Hongkong	"	0.5	1.0	—	0.2
Railway Equipment	"	158	751	378	851	Indonesia	"	8.2	30.4	9.6	41.6
Automobiles & spare	"	559	681	229	299	China	"	0.7	2.8	0.7	2.6
parts	"	568	2,441	432	1,597	Thailand	"	0.3	0.9	—	1.3
Bicycles, motor bicy-	"	436	1,436	169	545	France	1,000 \$	175.663	630.561	258.139	900.072
cles & accessories ..	"	3,299	11,537	634	4,557	France Overseas	"	1.892	31.063	13.186	53.411
Animals (live)	1,000 \$	4,438	17,972	9,466	31,754	U. S. A.	"	30.001	107.590	19.376	71.100
Potatoes	"	2,587	8,174	1,144	9,400	India & Pakistan	"	16.399	26,026	726	8,414
Wheat Flour	"	4,718	14,296	4,774	29,855	Hongkong	"	4.41	6,049	719	3,461
Sugar	"	159	23,512	8,090	28,597	Indonesia	"	5.745	22,117	7,719	31,828
Preserved Vegetable	"	1,695	6,382	5,553	15,860	China	"	8.634	31,169	12,433	38,536
Wines (etc.)	"	3,987	16,136	8,695	34,250	Thailand	"	2.533	8,446	1,960	8,979
Brandy & liqueurs ..	"	1,453	9,712	3,039	11,899						

EXPORTS PRODUCTS	UNITS	1949 April 4 months	1950 April 4 months	EXPORTS PRODUCTS	UNITS	1949 April 4 months	1950 April 4 months
EXPORTS				Dried Fish etc. 1,000 \$			
Tonnage	1,000 T.	49.4	145.5	38.8	118.7	723	2,936
Volume Index	1,000,000 \$:	104.6	424.8	122.4	482.4	10,871	11,070
Price Index	100: 1938	34	35	—	—	633	1,763
Price Index	100: 8 mths 1939	1,136	1,123	—	—	3,036	8,428
PRODUCTS				Pepper			
Dried Fish	Tons	224	754	426	535	(cargo	3,378
" Vegetables	"	1,688	3,145	2,320	3,641	(white	5,911
Hongkong	"	1,457	2,311	1,609	2,449	Rice (broken No. 1 ..	36,105
Singapore	"	79	79	—	241	(& 2	4,998
Tea	"	22	119	91	302	(Other Deriva-	8,638
Pepper	"	90	224	5	171	tives	18,561
France	"	85	207	5	171	Maize	21
Cargo Rice	"	2,616	4,784	1,148	1,148	Kapok	136
White Rice	"	12,743	38,493	15,877	36,256	Fish Oils	115
France Overseas ..	"	2,625	14,773	1,087	11,678	Cement	3,669
Hongkong	"	9,647	16,402	14,590	24,231	Coal	1,060
India	"	50	248	—	297	Rubber	17,319
Malaya	"	422	6,490	—	—	Raw Hides	749
Broken Rice No. 1 & 2	"	1,980	8,895	7,278	10,590	Destination	
Rice Derivatives ..	"	7,867	19,709	3,257	7,207	France	1,000 T.
Maize	"	37	8,364	—	1,634	France (Overseas) ..	13.5
France	"	—	7,723	—	569	U. S. A.	0.1
Japan	"	28	108	56	150	Hongkong	5.0
Kapok	"	29	491	60	145	Singapore	10.9
Fish Oil	"	5,809	16,103	—	546	China	7.6
Cement	"	2,800	4,219	1,350	12,775	Thailand	0.2
Coal	"	—	—	—	—	France	1,000 \$
China	"	500	1,919	1,350	4,375	France (Overseas) ..	33,524
Hongkong	"	—	—	—	6,400	U. S. A.	32,910
Japan	"	2,300	2,300	—	2,000	Hongkong	930
Rubber	"	1,937	15,723	2,280	20,816	Singapore	19,928
France	"	1,736	13,728	685	4,864	Hongkong	10,908
U. S. A.	"	100	502	1,182	14,275	Singapore	19,928
Raw Hides	"	22	321	65	281	China	10,908

PRODUCTION OF MALAYAN MINES

There was an increase in the production of tin-ore and gold during the second quarter of 1950. Eight tons of columbite were produced in June.

The output of tin-ore increased steadily. During April-June this year, a total of 19,566 tons was produced, which was 539 tons above the figure for the first quarter of 1950. There was also an increase of 1,300 tons as compared with that produced during the corresponding period of last year. The figures for tin-ore produced during the second quarter were:—April—6,347 tons; May—6,901 tons; and June—6,318 tons.

The total of tin-in-ore produced during the second quarter of the year was 14,675 tons which showed an increase of 405 tons over that produced during the first three months of this year. The total of tin-in-ore produced during April to June last year was 13,700 tons. This showed an increase of 975 tons for the same quarter this year. The output for tin-in-ore during the months of April, May and June this year were 4,760; 5,176 and 4,739 tons respectively.

The price of tin metal content rose with minor fluctuations, from Mal.\$ 286.75 per picul in April to \$304.37½ in June.

The assay value, used for calculating the metal content of concentrates produced, continued at 75.0%.

Exports of tin-ore concentrates in the second quarter of this year showed an increase of 160 long tons over that of the first three months this year. It also showed an increase of 1,318 long tons over that of the corresponding period last year. The total exports of tin-ore concentrates during April to June this year were 19,874 long tons. The figures for tin metal content were:—April—4,695 long tons; May—5,198 long tons; and June—5,013 long tons.

The duty paid on the exports of tin ore concentrates in the second quarter was \$10,672,503, as compared with \$9,956,611 of the first three months of 1950, bringing a total of \$20,629,114 for the first half of the year.

The gold production during the second quarter was nearly double that of the corresponding period of last year. From April to June this year, the output of gold was 4,348 troy ozs, an increase of 1,383 troy ozs, as compared with that of the same period in 1949. During January to March, 1950, the production of gold was 3,071 troy ozs.

The production of coal during the second quarter this year dropped to 97,448 tons; the production for the first quarter was 109,351 tons. During the same quarter last year 103,640 tons of coal were produced.

There was a steady increase in the production of iron ore. The total output for the second quarter was 119,032 tons, an increase of 52,870 tons over that of the first three months of this year. In the same period last year, the output was only 139 tons.

Other mining production in the second quarter of 1950 includes three tons of scheelite, 283 tons of china clay, and eight tons of columbite. The production of ilmenite was 3,585 tons as compared with 6,790 tons produced in the first three months of this year.

The number of working mines during the second quarter was increased by seven whereas in the second quarter of 1949, seventeen new mines were brought into operation.

The total number of tin mines and dredging units operating in Malaya was 698 in April, 697 in May, and 696 in June. Out of 696 mines, 117 were European-owned and 579 were Chinese mines.

Labour employed in all types of mines during the second quarter of the year compared favourably with that of the first three months of 1950. A total of 155,726 persons was employed during the second quarter while 157,512 persons were employed during the first quarter of this year. During the second quarter of this year, the number of persons employed in tin mines were: April—46,392; May—45,938 and June—45,877.

HONGKONG INDUSTRIAL REPORT

Factory Registrations

Applications for registration received from factories and workshops by the H.K. Dept. of Labour during August totalled 41, of which 13 were on the Island and 28 in Kowloon and the New Territories; 11 registration certificates were cancelled (6 HK and 5 K. & N.T.), 7 applications were refused of which 4 were premises for which no formal application for registration had been received (2 HK and 5 K. & N.T.), and 42 registration certificates were issued (18 and 24).

From January to August, 350 applications were received (117 HK and 233 K. & N.T.), 101 registration certificates were cancelled (42 and 59), 38 applications were refused, 16 being for premises for which no formal application was received (15 and 23), and 295 registration certificates were issued (99 and 196).

At the end of August the total number of factories and workshops registered amounted to 1,185 (341 HK and 844 K. & N.T.), and 317 applications were under consideration (141 and 176).

Among the factories and workshops registered during August were the following:—

	M.	F.	Total
4 Knitting	158	180	338
5 Metal wares	109	130	239
7 Printing	99	7	106
2 Engineering	70	—	70
1 Tape & Labels	40	—	40
2 Weaving (Cotton)	29	11	40
1 Motion Pictures	38	—	38
1 Rubber Wares	14	21	35
1 Sweets & Confectionery	26	—	26
1 Garments & Shirts	5	20	25
1 Saw Mills	18	—	18
1 Tea (Pac'ing)	15	—	15
1 Dyeing	14	—	14
1 Twil.	9	5	14
1 Laundry	10	—	10
1 Electro Plating	8	—	8
1 Tin Cans	8	—	8
1 Soy & Sauce	5	—	5
1 Brick Works	4	—	4
34	679	374	1053

The names of 2 registered weaving factories were changed in August; 1 factory changed from knitting to packing; 12 factories closed, i.e., 2 printing, and 1 each foundry, cardboard boxes, dry cleaning, electric bulbs, confectionery, porcelain, metal wares, knitting, weaving and cotton waste.

Industrial Accidents

Injuries and industrial accidents reported in August number 43 cases involving 43 persons of which 4 were fatal, (33 being in registered factories & workshops 4 fatal): of these accidents 11 were caused by machinery, all in registered factories, 10 were due to falls (4 fatal) 6 (4 fatal) being in registered factories, 7 were from falling objects (5 in registered factories), 3 from scalds (3 registered factories), 1 from an explosion, and 11 from other causes (8 in registered factories).

Trade Unions

The three following Trade Unions were registered with the H.K. Govt. in August under the Trade Unions and Trade Disputes Ordinance, 1948: Hongkong & Kowloon Shoe Trade Shop Assistants' Association; Hongkong & Kowloon Paper Box Manufacturers' Association; South China Film Industry Workers' Union.

Frozen Eggs

A first shipment of 50 tons of frozen eggs has been despatched to Europe by the China Produce Company (H.K.) Ltd. of Kowloon. This is the first consignment of this kind to have been made from the Colony, although before the war regular shipments were made to Great Britain and other countries from Central and North China. The export of frozen eggs is a new development by the company.

Hongkong Textile Mills

As a contrast to the factories manufacturing rubber shoes, local textile mills are operating at full capacity to fill the heavy orders received from abroad; it will take about four months to clear these orders. Pakistan merchants alone have booked for around 400,000 bolts of grey sheeting, while Indonesian buyers have ordered 300,000 dozen towels, 200,000 dozen shirts and a large quantity of cloth.

Meanwhile, the threat to the local textile industry looms larger as the Japanese spinning and weaving mills recover, close upon four million spindles and modern automatic looms being now in operation. For the moment stocks in Japan are said to be exhausted and current orders are expected to keep the mills busy until next March. Local millowners hope the question of Japanese competition will be discussed in all its bearings when the Commonwealth Finance Ministers meet in London on September 18 for talks on trade and other economic matters.

Hongkong Iron and Steel Works

The tense world political situation has brought new life to the Hongkong iron and steel works, which have long suffered under the competition of imports from France and Belgium. In recent weeks, the five well-established local metal factories have been receiving large orders from the Philippines, Thailand, Singapore and other Asian countries, and their business conditions are steadily improving.

The present total maximum output of the local iron and steel works is estimated at 2,000 tons per month, of which exports to overseas countries occupy about 60% and shipments to China and local consumption the remaining 40%.

Despite the decreased demand by the local building trade of late the business of the metal factories has not been affected.

Vacuum Flasks and Enamelware

Hongkong's vacuum flask manufacturers have raised their wholesale prices by 5% to 50%, depending upon the date of purchase of their raw materials. This step has been necessitated by the sharp increase in the cost of raw materials. The market price of iron sheets, for example, has increased by more than 70% while that of quicksilver has risen by about 30%.

An increase of 10% in prices has also been announced by the local enamelware factories to take effect from September 6. Due to the rise in the prices of raw materials, the cost of production is reported to have gone up generally by around 20% since the outbreak of the Korean conflict.

The current combined output of the enamelware plants is approximately 10,000 cases per month, which is mostly exported to Indonesia, Malaya, India, Pakistan and Africa, from which countries large orders for Hongkong produced enamelware have lately been received by the local manufacturers.

Exports of Hongkong Manufactured Commodities during August 1950

August exports of locally-manufactured goods under Imperial Preference Certificate or Certificate of Origin amounted in value to HK\$26,784,997 (HK\$ equals 1s. 3d. or US 17½ cents). This was a drop of 12.4% compared with the figure for July of \$30,108,009, but an increase of 78% over the June amount of \$15,051,419. The following table shows such exports for the eight months of this year:—

Monthly Exports during 1950

January	\$ 9,704,802
February	9,060,934
March	11,733,148
April	16,221,142
May	13,870,679
June	15,051,419
July	30,108,009
August	26,784,997

Total Jan./Aug. . . . \$132,535,130

The fall in exports in August was mainly accounted for by a reduction in the value of cotton yarn despatched abroad which amounted to \$14.72 million against the July figure of \$20.47 m. and which went chiefly to Pakistan. If exports of cotton yarn are excluded, the other items despatched abroad, which amounted in value to \$12.06 m., were 25% higher than those exported during July which totalled \$9.64 m.

Pakistan took cotton yarn, piece goods, flashlight torches and enamelware to the value of \$16.13 m., the restrictions on such imports having been lifted; next came Malaya with goods to the value of \$2.15 m. and the United Kingdom and South Africa came third and fourth respectively with \$1.25 m. and \$1.2 m.:—

Exports to Countries requiring I.P.C. or C.O.

	\$
Pakistan	16,132,036
Malaya	2,145,080
United Kingdom	1,254,488
Union of South Africa	1,203,584
Ceylon	980,262
Br. West Africa	972,625
Australia	965,030
Br. West Indies	847,563
Br. Empire Others	781,958
Br. East Africa	318,424
Port. East Africa	177,174
North Europe	161,710
Egypt	150,552
Thailand	114,475
Philippine Island	109,591
New Zealand	93,450
Br. North Borneo	85,654
Indonesia	86,594
Burma	78,561
Central America	68,684
India	60,947
Iraq	2,155
Total	26,784,997

Cotton yarn formed the bulk of the exports of locally-made goods during August, amounting to \$14.72 m. or 55% of the total; cotton piece goods and flashlight torches came second and third with exports valued at \$2.65 m. and \$2.15 m. respectively.

The table below shows exports from January to July 1950, under Imperial Preference Certificate or Certificate of Origin, of the principal goods manufactured locally:—

	Cotton Yarn \$ m.	Shirts etc. \$ m.	Knitted wares \$ m.	Rubber Shoes \$ m.	Cotton Pce. Gds. \$ m.	Enamel-ware \$ m.	Flashlights \$ m.
1949							
Monthly average	0.24	0.50	0.64	1.11	1.53	0.72	0.52
1950							
January	0.50	0.82	2.07	1.97	1.03	0.69	0.34
February	1.51	0.52	1.87	1.31	0.81	0.52	0.52
March	0.88	1.28	2.66	2.31	0.72	0.64	0.65
April	1.53	2.69	3.51	2.05	0.95	1.71	0.82
May	0.48	3.08	2.13	1.23	1.06	0.99	0.60
June	3.35	1.41	1.27	0.56	1.11	1.33	1.12
July	20.47	0.71	0.66	0.58	1.99	0.66	0.96
August	14.72	0.76	0.89	0.76	2.65	0.63	2.15

The number of Imperial Preference Certificates and Certificates of Origin issued during August was 2875.

Details of exports of locally-manufactured goods under I.P.C. and C.O. during August are given below:—

Exports of HK manufactured goods under I.P.C. and C.O. during August 1950

	Quantity	\$
Cotton Yarn	10,653 bales	14,723,362
Cotton Piece Goods	2,328,143 yds	2,649,856
Flashlight Torches	144,404 doz	2,154,264
Knitted Wares	55,023 doz	896,925

	Quantity	\$
Enamel Wares	150,147 doz	826,354
Shirts and Clothing	14,838 doz	761,620
Rubber Shoes	324,172 pairs	757,814
Matches	16,848,000 boxes	319,100
Umbrellas	9,724 doz	277,057
Camphor Tablets	89,200 lbs	271,479
Silk & Mill (Art.)	100,746 yds	224,070
Buttons	9,801 gt. grs.	218,731
Toys	16,693 doz)	202,013
	150 gross)	
Socks	27,446 doz	170,274
Proprietary Medicines	62,117 doz)	152,414
	5,000 bottles)	
Fire Crackers	1,887 c/s	152,361
Cigarettes	247 c/s	135,720
Bulbs for Flashlights	2,954,800 pcs	132,534

	Quantity	\$
Batteries	81,040 doz	142,349
Needles	57,469,000 pieces	123,686
Kerosene Lamps	6,435 doz	106,817
Watch Bands	10,084 doz	98,093
Glass Ware	30,030 doz)	95,447
	14,078 gross)	
Plastic Ware	4,371 doz)	
	1,150 gross)	
	9 sets)	86,056
Cosmetic & Perfumery	20,718 doz	77,904
Canning & Preserved	44,700 lbs	
Rattan Cane & Peel	654 bales)	
	3 c/s)	75,429
Hurricane Lamps	2,921 doz)	
Rattan Ware	514 bales)	71,279
	4,200 sq. ft.)	
	67 crates)	
	2,148 pieces)	70,607
Hats & Caps	8,430 doz	68,494
Handkerchiefs	15,840 doz	54,900
Shoe Laces	12,397 gross	53,486
Woolen Yarn	7,600 lbs	52,520
Embroidery	1,087 doz)	
	296 sets)	45,816
Leather Ware	3,190 doz)	
	173 pieces)	45,754
Vacuum Flasks	1,211 doz	44,616
Camphor Chests	973 pieces)	
	20 sets)	40,965
Leather Ware	3,190 doz)	
	173 pcs)	37,984
Pencils	2,887 gross	26,212
Ginger, Preserved	12,730 lbs	23,654
Oil, Groundnut	12,200 cattles	21,680
Mats & Matting	214 bales	15,475
Hard Wares	3,888 doz)	
	840 sets)	14,211
Iron Charcoal	256 doz	13,673
Bean Stick	3,453 lbs	9,526
Tea	1,840 lbs	9,438
Machinery	2 sets	6,160
Electrical Accessories	881 doz	6,015
Tooth Brush	96 gross	5,821
Gourmet Powder	51 doz	5,733
Cotton Waste	10,055 lbs	5,630
Rain Coats	56 doz	4,556
Table Cloth	100 doz	4,380
Soap	110 gross	3,960
Seagrass Twine	50 bales	3,000
Birds Nest	40 lbs	1,724
Meat, Preserved	160 cattles	1,555
Rubber Ware	75 lbs	1,533
Mosquito Destroyers	3,500 boxes	1,487
Ivory Ware	337 pcs	1,450
Aluminium Ware	320 doz	1,352
Sugar Candy	1,100 cattles	990
Cotton Thread	22 gross	821
Paint Varnish & Lacquer	115 lbs	698
Printed Paper	3 sets	513
Lamp Wicks	5,000 yds	291
Cutlery	9 pieces	82
Fibre Ware	24 pcs	60

Total \$26,784,997

HONGKONG RAILWAY

KOWLOON-CANTON RAILWAY (BRITISH SECTION)
GOODS AND PASSENGER STATISTICS.

	Monthly Average 1947	Monthly Average 1948	Monthly Average 1949	Monthly Average Jan./June, 1950	June 1950
	Nos.	Nos.	Nos.	Nos.	Nos.
Passengers: Local					
Upward	39,281	52,803	138,826	267,966	272,855
Downward ...	32,139	50,257	131,291	275,262	234,570
Military Tkts.	—	—	—	8,442	6,594
Passengers: Foreign					
Upward	84,841	107,097	63,348	—	—
Downward ...	73,545	96,811	62,492	—	—
Goods: Local	Kgs.	Kgs.	Kgs.	Kgs.	Kgs.
Upward	86,840	71,807	1,692,651	12,428,800	8,633,610
Downward ...	281,832	148,850	687,928	7,793,650	12,465,450
Goods: Foreign					
Upward	10,295,666	4,648,692	826,862	—	—
Downward ...	351,000	2,591,672	399,157	—	—
Revenue: Passengers					
Local	H.K.\$ 65,982.58	H.K.\$ 89,392.19	H.K.\$ 239,622.12	H.K.\$ 625,828.27†	H.K.\$ 607,825.64*
Foreign	328,458.98	407,840.84	259,641.58	—	—
Revenue: Goods:					
Local	3,592.30	1,907.86	25,031.73	135,430.93	155,997.55
Foreign	64,250.97	25,270.16	6,361.74	—	—
Miscellaneous					
Receipts ...	61,593.21	53,314.14	63,896.13	72,104.46	77,820.84

Note:—Through traffic was suspended on 15th October, 1949.

*Includes \$7,014.60 (Military Tickets).

†Includes \$8,532.67 (Military Tickets).

KOWLOON CANTON RAILWAY
MONTHLY REPORT—AUGUST 1950

Goods tonnage carried was the highest in any monthly period since the War. Figures were 35,193.51 tons — Revenue \$231,410.00. The traffic has consisted almost entirely of commercial cargo for which full rates have been charged. The result has been a considerable increase in goods receipts which has more than outweighed the drop in passenger revenue. The principal goods forwarded were iron bars, galvanised iron wire, galvanised iron sheets, galvanised iron wire shorts, steel plates, iron hoops, machinery parts, rubber crude, rubber tyres, foreign medicine, auto parts, chemicals, sugar, quebraco extract, asphalt, rusty iron wire, jute and coconut oil. Inward goods were principally wood oil, beans, tea oil, hemp, bran and some pigs and poultry.

Train punctuality has been very good during the month. There has been a most marked improvement since the introduction of the new timetable on June 1st. This is due to the alterations then made to train timings in order to fit in with the improved conditions of travel which gradually came into being on the Chinese Section after the cessation of air raids which enabled them to resume daylight services in April. There has also been active cooperation on the part of both mechanical and traffic staff in a co-ordinated effort to eliminate unnecessary delays.

Revenue Earned (July 16th to Aug. 15th):—

	Pas- sengers	Goods	Misc. Receipts	Total B.S. Revenue
Local	\$509,273	\$231,410	\$ 97,953	\$838,636

The north and south points and crossings of Shatin Station were renewed with 95-lb sections preparatory to the installation of double-wire signals.

The first consignment of "Mai Yang" sleepers, comprising 3,292 sleepers, 1,662 crossing timber, 22 bridge timbers, arrived from Bangkok in the beginning of this month. These sleepers were purchased from the Forest Industry Organization, Bangkok, as a result of negotiations carried out by the Forestry Officer, Hongkong, with the Thailand Govt.

A tar-macadam road, 428 feet long was constructed along the praya wall in front of the goods shed at Kowloon Station to facilitate the loading and unloading of cargoes onto and from motor lorries. Hitherto, goods traffic at this point was between railway wagons and junks.

Another tar-mac road, 2,130 feet long, from Salisbury Road to and around the Government Rice Godown at Black-head Point, is under construction, and will be completed by the middle of next month weather permitting.

Hongkong Civil Aviation Report for August, 1950

Civil Air Traffic:—232 aircraft arrived and 230 departed on international flights and the total of 462 was an increase over the previous month. These aircraft brought in 2415 passengers and took out 3329. The total of 5744 was an average of 185 a day. 25 tons of mail and 244 tons of freight were carried. Details of international traffic:—

HONGKONG AIRPORT

TOTAL AIR TRAFFIC FOR THE MONTH OF AUGUST, 1950

	DEPARTURES				ARRIVALS			
	No. of A/C	Passen- gers	Mail (Kgs.)	Freight (Kgs.)	No. of A/C	Passen- gers	Mail (Kgs.)	Freight (Kgs.)
B.O.A.C.	27	470	8365	21146	27	468	7546	24067
H.K.A.	26	218	870	30559	26	194	251	1968
P.A.A.	36	616	13	13629	36	368	2	18907
C.P.A.	33	326	1047	17949	34	375	382	13412
P.A.L.	15	499	2661	7415	15	108	352	8254
C.A.T.	33	187	41	30915	33	125	942	5156
P.O.A.S.	21	245	119	18408	22	126	361	6125
T.A.A.	1	—	—	2690	1	—	—	—
S.A.F.E.	4	107	—	134	4	62	86	6151
A.F.	13	364	1465	6892	14	512	419	3825
S.A.C.	6	71	—	920	5	37	30	184
MATCO	5	—	—	13	5	—	—	5
C.P.A.L.	5	162	233	744	5	23	97	883
T.O.A.L.	—	—	—	—	—	—	—	—
Q.E.A.	4	34	200	3512	5	17	113	474
I.A.T.C.	1	30	—	—	—	—	—	—
Totals ...	230	3329	15114	154926	232	2415	10581	89411

There were 1507 local movements of civil aircraft, mainly for training and test purposes.

Hongkong Aviation Report for August 1950

	ARRIVALS			DEPARTURES		
	Passen- gers	Mail (Kgs.)	Freight (Kgs.)	Passen- gers	Mail (Kgs.)	Freight (Kgs.)
United Kingdom	38	4136	9009	100	4472	4703
Europe	50	140	6652	121	78	602
Middle East	25	478	1646	72	271	889
Calcutta	50	345	242	127	137	6147
Rangoon	126	207	210	59	93	4209
Singapore	181	1655	8453	215	1531	13702
Bangkok	383	421	12453	402	266	21869
French Indochina	662	482	6528	436	1516	8224
Macao	—	—	5	—	—	—
Philippines	263	415	4483	532	878	11484
Japan	309	772	16340	326	2383	10815
U.S.A.	9	—	14682	191	1970	5928
Australia	13	106	474	24	186	342
China	281	1327	7431	404	911	64666
Honolulu	17	—	118	158	84	1276
Canada	8	97	685	162	333	70
Totals	2415	10581	89411	3329	15114	154926

No. of Aircraft arriving: 232

No. of Aircraft departing: 230

HONGKONG CIVIL AVIATION REPORT

Commercial Companies:—Hongkong Airways Ltd.—A Skymaster of North-west Airlines under charter to Hongkong Airways arrived from Taipeh on the 16th. A weekly service has since been operated with onward connections to Tokyo and the U.S.A.

Works and Buildings:—Work on the resurfacing of the second runway advanced sufficiently to enable the runway to be opened for normal traffic on the 21st. The repairs to the taxi track were completed.

Hongkong Aviation Returns

for first eight months of 1950

	CIVIL AIRCRAFT		PASSENGERS		MAIL (Kilograms)		FREIGHT (Kilograms)	
	Arrivals	Departures	In	Out	In	Out	In	Out
Monthly averages for 1948	595	—	9,592	9,382	13,726¼	13,649¼	42,920	100,986
Monthly averages for 1949	1,062	1,057.5	12,246	13,312	13,842	14,576	237,690	272,656
1950:								
January	253	250	3,151	4,012	11,196	11,746	43,350	59,200
February	197	203	2,604	2,934	9,761	10,666	35,942	59,869
March	256	250	3,290	3,819	11,310	13,273	43,941	63,164
April	238	239	2,669	3,952	10,200	13,303	30,860	80,834
May	220	225	2,770	4,298	11,113	13,746	48,859	93,438
June	201	202	2,290	3,236	9,871	13,093	42,925	106,287
July	220	218	2,485	3,122	11,839	12,573	60,996	138,497
August	232	230	2,415	3,329	10,581	15,114	89,411	154,926
Totals	1,817	1,817	21,674	28,702	85,871	103,514	396,284	756,215

Total aircraft for Jan./Aug. 1950 in and out: 3,634; total passengers: 50,376; total mail: 189,385 kgs., total freight: 1,152.4 metric tons.

Hongkong Shipping Returns

For January-August, 1950.

	Ocean Steamers Tonnage		River Steamers Tonnage		Ocean Passengers		River Passengers	
	In	Out	In	Out	In	Out	In	Out
Monthly averages 1948	659,582	651,394	122,834	123,338	23,583	19,547	37,529	29,769
1949	824,239	828,696	163,345	168,147	21,952	21,564	48,496	52,620
1950:								
January	831,555	788,243	218,465	215,032	8,247	10,484	50,567	47,990
February	718,120	754,561	195,137	195,883	6,291	8,570	38,690	44,919
March	775,341	776,536	237,532	238,504	74,089	16,408	66,125	50,015
April	794,740	822,546	204,580	206,368	4,408	8,130	78,176	61,298
May	894,312	855,552	252,397	247,517	4,247	7,403	57,168	60,491
June	796,902	833,941	197,655	196,611	4,778	7,570	52,673	53,501
July	739,200	699,945	210,817	210,087	3,631	7,272	63,514	76,022
August	735,225	784,530	208,036	209,967	2,354	6,321	90,460	100,787
Jan./Aug.	6,285,395	6,315,854	1,724,619	1,719,970	108,045	72,158	497,373	495,023

Total ocean steamer tonnage for Jan./Aug. 1950: 12,601,249 tons; total river tonnage: 3,444,589 tons; grand total: 16,045,838 tons.
Total ocean passengers: 180,203; total river passengers: 992,396; grand total: 1,172,599.

Hongkong Shipping Report for August 1950

Ocean Steamers

Flag	Arrivals		Departures	
	No.	Tonnage	No.	Tonnage
Ocean Steamers				
Flag	No.	Tonnage	Cargo	Passengers
British	131	269,134	86,932	1,370
American	29	145,706	19,121	145
Chinese	11	12,187	8,637	3
Danish	13	42,301	14,010	170
Dutch	8	45,481	24,066	287
French	5	32,750	776	68
German	1	613	1,350	—
Norwegian	37	91,937	44,071	245
Panamanian	29	56,632	44,948	17
Philippine	14	20,192	4,809	4
Portuguese	2	222	35	35
Swedish	6	18,070	3,673	10
U.S.S.R.	—	—	—	—
Total	155	468,091	165,496	984
Foreign	170	497,739	128,071	3,014
Total	286	735,225	252,428	2,354

River Steamers

Flag	Arrivals		Departures	
	No.	Tonnage	No.	Tonnage
River Steamers				
Flag	No.	Tonnage	Cargo	Passengers
British	238	203,356	6,677	90,460
Chinese	44	4,383	1,335	—
Portuguese	1	297	450	—
Total	283	208,036	8,462	90,460
Foreign	45	4,680	1,785	—
Total	283	208,036	8,462	90,460

HONGKONG COMMERCIAL CARGO

For January-August, 1950.

1950	Ocean Vessels		River Vessels	
	Discharged	Loaded	Discharged	Loaded
January	443,678	145,863	8,783	14,652
February	282,001	123,112	9,912	9,175
March	331,242	216,248	7,754	14,155
April	342,507	176,001	9,876	7,037
May	361,834	179,246	12,876	10,666
June	281,884	159,442	8,285	5,539
July	282,035	191,705	8,854	7,328
August	252,428	208,477	8,462	8,480
Jan./Aug. 1950	2,577,709	1,400,094	71,702	77,032

Total ocean cargo Jan./Aug. 1950: 3,977,803 tons; total river cargo: 148,734 tons; grand total: 4,126,537 tons.

HONGKONG JUNKS & LAUNCHES IN AUGUST 1950.

Foreign Trade conducted by Junks & Launches of 60 registered tons & under

1950	No. of Vessels		Reg. Tonnage		Dead Weight		No. of Passengers	
	Inward	Outward	Inward	Outward	Inward	Outward	Inward	Outward
August	845	866	97,734	103,345	28,705	9,818	744	1,710
Total	845	866	97,734	103,345	28,705	9,818	744	1,710
July	885	925	99,377	108,430	30,347	11,349	584	1,387
	- 50	- 59	- 1,643	- 5,105	- 1,642	- 1,531	+ 160	+ 332
LAUNCHES								
August	167	165	4,339	3,772	1,315	101	—	—
Total	167	165	4,339	3,772	1,315	101	—	—
July	164	163	4,980	4,755	1,005	628	—	—
	+ 3	+ 2	- 641	- 984	+ 310	- 527	—	—
Total Vessels entered and cleared			August 1950:		2,147		217,763 N.R. Tons.	
			August 1950:		2,043		209,190	
Total Cargo discharged and loaded			July 1950:		43,329		—	
			August 1950:		39,939		D.W. Tons.	
					- 3,390		—	

Jan.-August 1950:

Total Vessels entered and cleared: 11,355 of 1,144,347 N.R. Tons.

Total Cargo discharged and loaded: 257,722 D.W. Tons.

Local Trade conducted by Junks & Launches of 60 registered tons & under

1950	No. of Vessels		Reg. Tonnage		Dead Weight		No. of Passengers	
	Inward	Outward	Inward	Outward	Inward	Outward	Inward	Outward
August	748	744	26,938	30,389	7,446	6,455	—	—
Total	748	744	26,938	30,389	7,446	6,455	—	—
July	879	871	37,654	34,751	9,571	6,176	9	9
	- 131	- 127	- 10,716	- 4,362	- 2,125	+ 279	- 9	- 9

LAUNCHES

1950	No. of Vessels		Reg. Tonnage		Dead Weight		No. of Passengers	
	Inward	Outward	Inward	Outward	Inward	Outward	Inward	Outward
August	563	564	12,701	12,674	177	361	27,218	28,234
Total	563	564	12,701	12,674	177	361	27,218	28,234
July	460	460	12,345	12,356	212	259	23,620	23,631
	+ 103	+ 104	+ 356	+ 278	- 35	+ 102	- 2,413	- 97
Total Vessels entered and cleared			August 1950:		2,670		92,146 N.R. Tons.	
			August 1950:		2,619		88,682	
Total Cargo discharged and loaded			July 1950:		51		- 14,464	
			August 1950:		16,218		D.W. Tons.	
					14,438		—	
					- 779		—	

Jan.-August 1950:

Total Vessels entered and cleared: 20,689 of 719,012 N.R. Tons.

Total Cargo discharged and loaded: 144,495 D.W. Tons.

HONGKONG EXPORT PROHIBITION ORDER

Government has, with effect from August 8, imposed prohibitions on the export of ten groups of articles considered of strategic importance. The prohibitions were issued by the Governor in Council under the Importation & Exportation Ordinance, 1931.

The export of any article as listed below is prohibited except if an export licence is issued, upon application, by the Director of the Import & Export Dept. In actual charge of screening export applications is the Trade Control Office under an assistant director of the I & E Dept.

Irrespective of the country of destination export licences have to be applied for; they will be usually freely given except in the case of China. Exports to Macao are limited to bona fide applications where the actual consumer is the Portuguese colony only.

Following are the 10 groups of export-prohibited articles:—

(1) METAL WORKING MACHINERY

Vertical boring mills, 72" or over table diameter.

Broaching Machines — All sizes and types.

Shaving Machines, not including gear machinery.

Siral bevel gear generators and gear cutting machines (not including planer type); and gear hobbors providing for outside diameter of work 24" or over.

Crankshaft and camshaft grinders. All sizes and types.

Fully automatic internal cylindrical grinding machines: (A) automatic sizing; or (B) centreless.

Automatic sizing centreless external cylindrical grinding machines.

Automatic oscillating lap radial grinders for making ball bearing races.

Lathes, Turret, 3" and over bar capacity 24" and over chuck capacity.

Surfacing and boring lathes, 10" centre height and over.

Crankshaft and camshaft lathes. All sizes and types.

Machines for automatically balancing and correcting metal parts dynamically.

Relieving lathes: machines specially designed for the "backing off" of rotary cutters to provide clearance behind the cutting edge.

Presses, Mechanical, with an effective operating pressure of over 1,000 tons.

Presses, Hydraulic with an effective operating pressure of over 1,000 tons.

Forging hammers having a falling weight exceeding 3.5 tons.

Forging machines capable of operating on her stock of a diameter exceeding 3.5" or of equivalent cross-section.

Marine and aircraft propeller blade profiling machines (planing, shaping, milling or grinding).

Spar millers.

Continuous strip mills and controls.

Plate mills and controls (except mills for fine plate).

Seamless tube mill and controls.

Reversible type electric motors over 1,000 h.p. and automatic controls for starting, stopping and reversing.

Equipment or plants for continuous casting of metals into partially-processed mill product forms.

Military type jigs, fixtures and plate metal working accessories (except machines).

Deep hole drills and deep hole drilling machines.

Automatic multiple drilling machines, consisting of a cluster of twelve spindles or more driven from one power unit.

Automatic or semi-automatic cam-operated thread-cutting machines, single or multiple spindle.

All machines and equipment specially designed for manufacturing armaments including:

(a) Shell lathes.

(b) Cartridge case trimming and head finishing lathes.

(c) Special spinning lathes for bombs.

(d) Hydraulic presses for shell banding (tyre setters).

(e) Special forging machines for bomb nose and tail.

(f) Shell tappers.

(g) Armour plate drilling machines (not including radial).

(i) Special artillery centrifugal casting machines.

(j) Special boring machines for aircraft bomb nose and tail.

(k) Gun-jump screw lathes.

(l) Rifle working machines.

Tyres, pneumatic, and inner tubes of a kind specially constructed to be bullet proof or to run when deflated.

Asbestos (strategic grades). Amosite, standard commercial grade (Bi, B3 & 3/MD. 2.)

Mica (strategic grades). Block (good stained or better), film and muscovite splittings and phlogopite splittings and phlogopite splittings which conform to the American Society of Testing Materials standards or to India-Calcutta standards.

All foil (paper thickness) rolling equipment.

High speed compressors for wind tunnels (8,000 revolutions per minute and over; Mach. number 0.7 and over).

Turbo blowers having compression ratio of 2 or better.

Artificial graphite.

Quartz crystals and plates.

Valves and cocks with corrosive-resistance lining.

Electrically controlled automatic valves.

Searchlight control units.

(2) STEEL MILL PRODUCTS.

Landing mats for aircraft.

Gilding metal, clad steel for bullet envelopes.

Gun forgings, rough and gun forgings, alloy rough.

Ferro columbium.

Ferro Zirconium.

(3) CHEMICALS

Calcium permanganate.

Potassium permanganate.

Di-nitro-toluene solids and oils.

Stabilisers for explosives.

(a) ethyl and methyl centralites.

(b) diphenylamine.

(c) N.N.—diphenylurea (unsymmetrical diphenylurea).

(d) Methyl—N, N.—diphenylurea (methyl unsymmetrical diphenylurea).

(e) Ethyl—N, N.—diphenylurea (ethyl unsymmetrical diphenylurea).

(f) Ethyl phenyl urethane.

(g) diphenyl urethane.

(h) diortho tolyl urethane.

Pentaerythritol and pentaerythritol-tetra-nitrates.

Hexamethylene-tetramine.

Hydrazine Hydrate.

Mercury fulminate, lead azide, lead styphnate and lead thiocyanate.

Nitro-guanidine.

Hydrogen-peroxide (Over 50 per cent. strength).

Glycols and their compounds.

Silicon Organic Compounds.

Aluminium chloride, anhydrous.

Barium nitrate. barium chromate.

Sodium metallic.

Teflon (Fluoron).

Magnesium silicate (steatite).

Potassium tetroxide.

(4) CHEMICAL EQUIPMENT.

Podbielniak extractors.

Compressors delivering liquids or gases at 300 lbs. per square inch or over.

Bauges for measuring pressures in excess of 100 atmospheres (gauge pressures of 1,470 pounds per square inch or 103 kilograms per square centimetre).

Ammonia oxidation.

(a) Complete installations.

(b) Catalizers suitable for ammonia oxidation.

Hydrogenation.

(a) Complete installations.

(b) Catalizers suitable for hydrogenation.

Equipment for chemical reactions at pressures over 200 psi.

(a) Complete installations.

(b) Autoclaves and distillers specially designed therefore.

Nitrators.

Methanol Oxidation.

(a) Complete installations.

(b) Catalizers suitable for methanol oxidation.

Gas liquefying equipment and equipment for handling liquefied gas, designed for operation at pressures of 300 psi or over.

Vacuum-insulated storage or transportation containers for liquids or liquefied gases 25 litres capacity or more.

Hydrogen producing equipment (water gas, electrolytic, gas cracking, gas extraction processes).

Complete installations for antibiotics production and specialized components thereof.

(5) NON-FERROUS METALS.

Copper rotating bands for shell and other copper munitions components.

Brass rolled cartridge strip with 68 to 72% of copper.

Brass and bronze fabrications for munitions, anvils, fabrications for bullet cup (gliding metal clad steel), cartridge belt link, primer cap, shell rotary band.

Cobalt ore, residue and metal and cobalt bearing scrap (concentrate, arsenical crystals).

Columbium (niobium) metal, alloys, ore, concentrates and scrap.

Zirconium metal, alloys and compounds.

Bismuth metal.

Strontium ores, concentrates, metal and compounds.

Titanium metal.

(6) TRANSPORTATION EQUIPMENT

Marine diesel engines of 1,500 h.p. and over, (except those with rotary speed of less than 200 r.p.m.).

All types of Diesel engines of following characteristics:

(i) 200 to 300 h.p. with rotary speed of 1,000 r.h.p. or over. (Accepted by Consultative Group, 23 November, 1949).

(ii) 300 to 800 h.p. with rotary speed of 600 r.p.m. or over.

(iii) over 800 h.p. with rotary speed of 400 r.p.m. or over.

Well cars over 10 tons.

Tank cars (rail) over 10 tons.

(7) PETROLEUM.

Aviation motor fuels, 86 octane and above.

Lubricating oils, aviation, high viscosity index.

Lubricating oils, aviation, medium viscosity index.

Lubricating greases, except graphite:

(a) containing synthetic oil;

(b) containing lithium soap;

(c) for very high or very low performance (temperature and/or pressure).

Reference fuels.

Hydraulic oils containing synthetics.

Heavy duty detergent motor oils.

Extreme pressure gear oils lubricants.

Special fuels and lubes for use at low temperature.

Additives for motor oil.

Tetra-ethyl lead fluid.

Tetra-ethyl lead.

Alkylates.

Cumens and substitutes.

Hydrocodinens.

Hydropolymers.

Isohexanes.

Isopentanes.

Isopropylether.

Neohexanes.

Triptane.

Crude petroleum.

Motor fuel.

Diesel Oil (all nautical).

Kerosene.

Dubricating oils and greases.

Fuel oil.

(8) PETROLEUM EQUIPMENT.

Oil well drilling and exploration equipment.

Solvent treatment equipment for lube oil production.

Hot oil pumps for alkylation, thermal and catalytic cracking, isomerization and hydroforming equipment.

Casing and oil pipe; seamless and welded.

(9) ELECTRONICS.

Radio valve manufacturing machinery.

Electronic computers, except business type calculating machines.

Electronic microscopes.

Infra-red absorption meters.

Apparatus of a kind used to measure electric impedance at frequencies exceeding sixty megacycles per second and specialized parts thereof.

Radio field strength meters of a kind used at frequencies exceeding sixty megacycles per second; and specialized parts of such meters.

Radio spectrum analysers, being apparatus capable of indicating the single-frequency components of multi-frequency oscillations having frequencies exceeding one hundred kilocycles per second; and specialized parts of such analysers.

Radio-frequency signal generators, being screened electric oscillators associated with attenuators of a kind used to provide signals having frequencies exceeding three hundred megacycles per second and magnitude less than one microwatt or ten millivolts peak value; and specialized parts of such generators.

Balances, electronic, capable of detecting differences in weight smaller than ten microgrammes; and specialized parts of such balances.

Resistors temperature-sensitive, of a kind used in bolometers or in the measurement of electric power below ten milliwatts, but not including electric lamps.

Apparatus for detecting or locating objects under water (excluding specific civil items: e.g., apparatus for detecting shoals of fish).

Location apparatus of a kind used for detecting objects or for determining the relative direction position or motion of objects by means of the constant velocity or rectilinear-propagation characteristics of electromagnetic waves having frequencies between 108 cycles per second (3 meters—100 megacycles) and 4×10^{14} (0.75 microns); and specialized parts and accessories of such apparatus; and specialized equipment for testing or calibrating such apparatus.

Radar and radio navigation equipment (other than directionfinders) operating at frequencies below one hundred megacycles per second.

Pulse modulators capable of providing electric impulses of peak power exceeding ten kilowatts; and pulse-transformers and pulse-forming equipment being specialized parts of such modulators.

Electromagnetic waveguides, resonant circuits radiators of a kind used at frequencies exceeding six hundred megacycles per second; and articles or equipment incorporating, or designed to be connected to or to be incorporated in any such item.

Communication equipment of a kind using infra-red radiation or ultrasonic waves; and specialized parts thereof.

Apparatus of a kind used to jam or otherwise interfere with radio reception, and specialized parts of such apparatus.

Communication equipment of a kind exclusively designed for use in aircraft; and specialized parts of such equipment.

Radio receivers panoramic, being receivers which search automatically a part of the radio-frequency spectrum and indicate visibly the signals received, and specialized parts of such receivers.

Telecontrol-equipment suitable for controlling pilotless aircraft and guided weapons.

Cathode-ray oscilloscopes with time basis shorter than two microseconds; and specialized parts of such apparatus.

Photomultiplier tubes and specialized parts thereof.

Valves, thermionic of a kind used with a potential difference exceeding nine thousand volts between electrodes, or of a kind used at frequencies exceeding two hundred and fifty megacycles per second, or of a kind that can be passed through a circular hole one-half inch in diameter; and specialized parts of such valves.

Crystal rectifiers of a kind used at frequencies exceeding three thousand megacycles per second, and specialized parts of such rectifiers.

Cables of very low attenuation and high uniformity as used for frequencies of the order of magnitude of 3000 mc/s and above.

Design data, manufacturing technique and specialized tools for making any controlled items.

Amplifiers, high gain, stable linear pulse designed to operate within the range of 50 cycles per second to 10 megacycles per second and of input resistance not less than 10 megohms.

Electrometers, except student type.

(10) MARINE EQUIPMENT.

Warships and hulls or parts of hulls for such ships.

Multicore cables suitable for harbour defence purposes and mine-sweeping.

Gyro-compasses, gyro repeaters.

Magnetic and acoustic minesweeping equipment.

Submarine batteries.

Carbamite.

Polyethelene.

Styrene.

Seasonometer and gravimeters.

Meteorological sounding balloons, 1100 gr. or larger.

HONGKONG EXPORT REGULATIONS

The export of certain commodities is prohibited generally, except under licence from the Director of Commerce and Industry. The principal "prohibited exports" at present are articles coming under the Export Prohibition Order 1950; gold, arms, ammunition and explosives, rice, flour, sugar, butter, cheese, canned meats, all kinds, bacon, ham, peanut oil, firewood, charcoal, bottles (all kinds, empty or filled, whole or broken), tinplates (primes and unassorted, manufactured in the United Kingdom), galvanized steel tubes and fittings (screwed and socketed, all sizes), boiler tubes, mild steel plates to Lloyd's specifications, gunny bags, raw cotton, cotton yarn manufactured in the United Kingdom, Philatelic stamps to countries other than countries within the sterling area.

Outside of this general prohibition, there are certain other restrictions on exports, which are set forth in tabular form below. "Restricted exports" at present are:—Cocoanut oil, Copper, Diamonds, Lead, Pepper, Petroleum products, Rubber, Silver, Tin, and Wood Oil. The grant of an Export Licence for any of these items is subject to Exchange Control Requirements.

Destination	Country of Origin	Forms Required	Exchange Control Requirements.
All Commonwealth territories (except Canada and Newfoundland) Burma, Iraq, Iceland (Sterling Area).	Any country on the American continent; Republic of Philippines.	Form 2B (yellow) in duplicate.	NIL.
China (including Formosa), Macao.	Any Country.	Nil, except for "restricted" exports, when Form 2A (green) in triplicate is required.	NIL, except for "restricted" exports.
Korea	Any Country.	Form 2B (yellow) in duplicate, except for "restricted" exports, when Form 2A (green) in triplicate is required.	NIL, except for "restricted" exports.
U.S.A. and possessions, Philippines.	China, Macao, Korea, Hongkong.	Form 2B (yellow) in duplicate, except for "restricted" exports, when Form 2A (green) in triplicate is required.	NIL, except for "restricted" exports.
French Indochina.	Any Country	Form 2A (green) in triplicate.	FULL PROCEEDS in all cases either (a) from a French Sterling account or (b) in H.K. dollars from the account in Hongkong of a Bank in Indochina.
Thailand.	Any Country	Form 2A (green) in triplicate.	FULL PROCEEDS in all cases either (a) from a Thai Sterling account or (b) in H.K. dollars from the account in Hongkong of a Bank in Thailand.
Japan.	Any Country	Form 2B (yellow) in quadruplicate.	Sale through H.K./Japan Open Account. Application to be made to the Japan Trade Section, Mercantile Bank Building (1st fl.).
All other cases, but see (a) below.		Form 2A (green) in triplicate.	FULL PROCEEDS in all cases in accordance with Bank of England procedure.

Notes:—

- Except as stated above, there are no restrictions on the export of goods from Hongkong to any of the countries comprising "Sterling Area".
- In every case where an Export Licence is not required, a completed Export Declaration (Form 2) must be returned to the Department of Commerce and Industry, Fire Brigade Building, within 48 hours of shipment.
- Export Licences are valid for 7 days only unless otherwise stated.
- Export Licences and/or Export Declarations must bear a dollar stamp.
- The grant of an Export Licence must not be taken as evidence that import will be permitted by the country of destination.

HONGKONG IMPORT LICENCE REGULATIONS

Under the provisions of amendments to General Licence No. 1 published in the Government Gazette on August 27th, 1948 and subsequent amendments the position as regards imports into the Colony is now as follows:—

(1) All goods, originating in the countries stated below, EXCEPT—

Butter, cheese, margarine,)	(
flour, rice and rice products,)	(
sugar, meat of all kinds, tin,)	(
tinplate, coal coke, cotton yarn,)	(
diamonds, gold, gunny bags,)	(
cotton linings and poplin, linen)	(
piece goods, lead, cutlery,)	(
whisky, beer, manufactured)	(
tobacco, glass plate and sheet,)	(
iron and steel, zinc and articles)	(
manufactured of zinc, rubber)	(
and silver)	(

May be
Imported
from

(All territories within the British
(Empire, including Mandated
(Territories (Except Canada and
(Newfoundland), Iraq, Iceland,
(Thailand, Burma, French Indo-
(China, Republic of Indonesia, the
(United States of America and
(the Republic of the Philippines.

(2) All goods, originating in the countries stated below, EXCEPT —

Coal, coke, cotton yarn, sugar,)	May be	(
diamonds, rubber, silver)	Imported	(China and Macao.
	from	(

Import Licences are required in all cases except as outlined in the provisions above. In addition, imports from countries outside the territories listed above (especially the countries in Europe outside the sterling area) generally also require an Exchange Permit or authorization by the Exchange Control. These are issued by the Assistant Financial Secretary (Exchange Control). The Trade Control Office of the Department of Commerce & Industry is situated in the same premises. Even when the importer has his own exchange or funds available in the country of origin, Exchange Control scrutiny is necessary before an import Licence can be issued.

Restricted Imports

There are certain restricted imports which require the previous authorization of the Supplies Branch of the Department of Commerce and Industry before Import Licences can be granted in addition to any exchange requirements, as above, which may be necessary. These include:

Foodproducts generally, including those listed in (1) above; but with the exception of milk and milk products, biscuits and canned fish (provided they are not being imported from the United Kingdom).

Building and constructional materials (such as structural steel, mild steel bars, wire and wire nails, cement, etc.)

Coal and coke.
Cotton yarn.
Tin and tinplate.

Imports from Japan

These are handled wholly by the Japan Trade Section of the Department of Commerce & Industry, which also issues the necessary Import Licences.

Prohibited Imports

Gold bars and gold coins.
Tin from anywhere.

Swiss watches from the United Kingdom (and the importation of British watches from the UK is allowed only in token quantities and when satisfactory evidence is produced that they are of 100% British manufacture).

Jewellery

Approval of Exchange Control is necessary before Import Licences can be issued, except in the case of small quantities of bona fide personal jewellery, for which the Department of Commerce and Industry issues the Import Licence direct on application.

Rubber

Rubber, of whatever origin, can only be imported under special licence. Import from French Indochina and Thailand is only allowed on production of a Certificate of Origin and a British Consular Certificate.

In every case where rubber imported into the Colony is re-exported to a territory outside the Sterling area, a deposit of 100% of the exchange value will be demanded.

Plants

No person shall import into the Colony any plant originating within the American Tropics without a licence from the Director of Commerce and Industry.

FINANCIAL REPORTS

HONGKONG FREE EXCHANGE & GOLD MARKET

Review for the week Sept. 4-9:—

GOLD:—Highest & lowest rates per .945 fine tael \$303½—290½, equiv. to .99 fine tael and oz prices of \$317.95—304.07 and \$264.23—252.69 resp.; cross-rates US\$ 41¼ high, 39¼ low. Macao and Canton .99 fine tael prices \$309½—300¼ and \$306—297 resp.

Highest & lowest gold and US\$ prices:
(Gold in .945 fine tael)

Sept.	Gold		TT New York	
	high	low	high	low
4	\$301¼	296¼	637½	636
5	302¼	299	640½	636¼
6	303½	299¾	641½	639½
7	301	299½	640½	638¼
8	299¼	293¾	639¼	637½
9	294¼	290¼	638¼	637¼

During last week gold prices ruled weak and the trend is downward. All reports and rumors indicating increasing tension did not find credence while at the same time the technical position discouraged any buying, for hoarding or as a spec. The unexpected news that China was willing to compromise on the Taiwan question, while showing more reason than was hoped for and also revealing anxiety in Peking to avoid a clash with the US, had the effect of lowering prices as nervous speculators unloaded. Market observers are confident that prices will remain depressed and that speculation will rest a while before gathering force to wage another campaign. Imports are in excess of requirements and stocks still keep on rising; exports cannot be effected to any appreciable extent as local prices would have to drop below foreign especially S.E. Asian market rates. Macao Govt issues freely licences for gold imports and there are dozens of brokers, here and abroad, who are anxious to profit from prevailing free gold market price differences. It was the prompt action by Macao Govt and bullion brokers abroad who, as it were, broke the high price racket engineered by local forward (i.e. fictitious) gold market.

Latest cif prices are quoted US\$40¼ for Macao and 38¼ Saigon; and further reductions are anticipated. Macao issued another 2 licences for 50,000 ozs each but it is doubtful whether imports will drop until they come, once again, that within a short time local prices will drop until they come, once again, below overseas crossrates. Macao is overstocked, suffering from bullion congestion; Hongkong takes up small lots only and re-exports from Hongkong are moving too slowly, therefore direct re-exports from Macao to other Asian ports have commenced. Last week a flying boat took out of Macao about ½ ton of bullion with destination Rangoon.

Forward interest in the local market amounted to 58 cts. or 10% p.a. yield; as always, interest is in favor of sellers. As tight money rules here and commercial interest runs as high as 15% p.a. (against authorised banks charging 5-6% p.a. for overdrafts) while inter-bank (native style) interest amounts now to 8% p.a., the current gold hedging interest is considered low and unattractive. Speculators have therefore shifted some of their funds into the commodity markets where recent price booms, especially in so-called strategic items, have caught the fancy of everybody.

Forward contracts, practically all fictitious, totaled 324,000 taels or a daily average of 54,000 taels. Positions left open per average day: 173,000 taels. (Importers and interest hedgers, the latter also called 'marginal holders,' were oversold; majority of Shanghai clique and Canton and local groups were overbought, still hoping, to make a profit, from an early outbreak of world war III). Cash bars: sold 59,500 taels (officially listed 44,240) of which 55,000 changed hands among interest hedging forward operators, 4500, acquired by exporters (shipped to Bangkok 3000, Singapore 1500), and nothing purchased by goldsmiths who obtained from public more than adequate stocks. Imports (all from Macao) 22,000 taels. There were again, as usual these weeks, several seizures by local Revenue officers.

US\$:—Highest & lowest rates for US notes \$636¼—631, for DD 639¼—634, for TT 641½—636, equalling crosses of US\$2.494—2.515. Sales: US\$1,150,000 (in TT sector 580,000). Undertone is on the easy side. Mid-autumn festival will swell offers to sell and at the same time gold importers' demand has terminated so that rates must turn downward, probably to below 620. Merchant demand is again less conspicuous than during August.

Silver:—Market is in the doldrums since a long time, prices remain practically unchanged and business was only 73,500 taels (mostly coins). Imports have ceased. There is interest among a few exporters who sell in London.

Free Exchange Market Business:—In the rupee market there is, but for Indian exchange, little activity. Pakistan, Ceylon and Burma rupees are infrequently traded. Sellers of Indian exchange are mostly bullion merchants (who after shipment to India, via ports, has been made to sell part of their proceeds here, often converting them into TT New York); buyers are usually general merchants and Indian silk piece goods dealers. Transactions are done by agreeing first on the rate, being usually 5 to 10% below the official rate, and after payment has been effected in India local settlement is made immediately. No 'trouble' has been reported in these India-Hongkong exchange transactions.

Japanese exchange: in commercial transactions the free market rate is about 2% higher than the official rate on Tokyo (which is HK\$5.76—5.67 per US\$1 in Hongkong-Tokyo trading account, for banks' selling and buying rate respectively) but business is very small; most imports and exports are put through officially that is by allocation of exchange by Hongkong Govt for importers and by compulsory sale of proceeds in Tokyo to HK Govt by exporters. The yen bank note market here is small, rates are quoted per 10,000 yen in HK\$ with the black market rate in Tokyo (where yen is quoted in US\$) serving as a guide. The official rate in Tokyo is 360 yen per US\$1 but the black market is considerably higher. Before June 25, the Korean war outbreak, it appeared as if the black market would soon expire and that the yen would unofficially quote approx. the same as officially; but during the last 2½ months the position of the yen vis-a-vis US\$ weakened and there are now rumors to the effect that SCAP was considering, upon the prompting of Japanese manufacturers and others in Japan who would profit from yen devaluation, a revision of the rate, from 360 yen to, say, 500 yen per US\$. Hongkong was paying attention to such rumors and the rate dropped from HK\$ 157 to 150 per 10,000 yen.

The Indochina piastre, once a favorite in the forward speculation at the Gold Exchange, has lost almost all its appeal and holders have disinvested themselves of this currency. Transactions are now solely done by merchants. Last week's rate \$13.20 — 13.50 per 100 piastres.

Philippine pesos have also acquired the reputation of 'hot potato' and there are always rumors about peso depreciation and lower black market rates in Manila. The whole political set-up in Manila is viewed with apprehension and concern and therefore the 'face' of the peso has suffered greatly. Last week's rates for notes and DD HK\$2.12 — 2.13 per peso. According to the parity (US\$0.50 per peso) the local rate should be around HK\$3.15.

Banknote rates have not undergone any change during last week as compared with the previous week; rates move fractionally up and down.

CHINESE FINANCIAL MARKETS

The Bank of China revised foreign exchange rates as from Sept. 6 (last revision Aug. 7) as follows (in Chinese currency, also called People's Bank dollar or yuan):—on New York 31,000, London 78,210, Hongkong 4750, Australia 62,810, Canada 27,490, Malaya 8600, India 5830, Burma 4750, Thailand 1340, Philippines 10,200, Switzerland 6410. Crossrates: HK\$652 per US\$100, US\$2.52 per sterling. Rates for rouble bloc currencies (including the North Korean won) have remained unchanged.

The revision, once again, is lowering the value of foreign exchange in terms of the Chinese dollar. The last two official rates for US\$ were PB\$32,200 and 35,000 resp., and for HK\$ were PB\$4950 and 5690 resp.

The steady improvement of the official Chinese rates testifies to the overall improvement of economic conditions in China; it also has the effect of increasing prices of China produce and manufactured goods and lowering prices of foreign commodities. The prestige of the Chinese dollar has gained not only as a result of the stable price conditions and low cost of living in China but also by the continual appreciations of the PB\$ in terms of foreign exchange. The almost ingrained habit of the Chinese to distrust their country's paper money and hoard foreign countries' money (especially US\$) is being uprooted by the policy of the financial authorities in Peking; the People's dollar not only gains in terms of foreign currencies but also, and more significantly, in 'face.'

The Bank of China also fixed new rates for bank notes as from Sept. 6, viz. for US notes PB\$29,400 and for HK notes 4510 (in Shanghai) and 4660 (in Canton).

Hongkong free market was impressed with the new appreciation of the PB\$ but prices slightly differed. HK\$1.97—2.02 were paid for 10,000 Chinese yuan. The Canton black market quoted HK notes between PB\$5100 to 5400 or at a premium of about 400 to 700 Chinese dollars against the official rate. In Shanghai, black market business has come virtually to an end and only rarely are US\$ prices quoted.

Local rates on Canton were from 97.3—99.3 per 100 in Canton (business done \$1.2 million); on Shanghai, gold 91½—92, US\$96½—97½, with very small sales; on Taiwan, gold 80—82, US\$91—92, with 400 taels gold and US\$ 7000 transacted.

The Taiwan Govt revised on Sept. 5 foreign exchange selling rates as follows:—commercial rate of US\$ reduced from New Taiwan yen 10.35 to 10.30; US\$ deposits in Japan from NTY9.85 to 9.80; HK\$ from 1.68 to 1.66; TT London from 26.46 to 26.15. Buying rates and bank note rates remain unchanged.

CHARTERED BANK OF INDIA. AUSTRALIA & CHINA

The Directors of the Chartered Bank have declared an Interim Dividend for the current year of six per cent actual subject to Income Tax. Dividend will be payable as from 29th September. The Interim Dividend paid on 1st October 1949 was 6 per cent less Income Tax.

Hongkong Stock Exchange

While the volume of business is still restricted, buyers are in evidence at increased prices and the interest shown in local utilities has now spread to other undertakings. The tone of the market at the close of business was firm.

Business reported during the week \$698,441.
Business done during the week:—

	Closing Price Sales	
H.K. Govt. 4% Loan	\$ 98	\$1,000
H.K. Bank	1130	70
Union Insurance	615	200
Asia Navigation	52½	2,500
Wharves	70	442
North Point Wharves	4½	3,000

COMMERCIAL MARKETS

Hongkong-Indonesian Trade

With the Indonesian Government continuing to increase allocations of foreign exchange at official rates for imports, trade circles in Hongkong are entertaining an optimistic outlook toward the future of trade between Indonesia and this Colony. The authorities at Jakarta were reported to have recently announced that it is possible for official foreign exchange to be granted for a further additional number of imports. This would probably cover cotton piece goods, dry cells, certain metal products and knitted goods, the import quotas of which have already been considerably enlarged lately.

While it was held possible that Japanese goods will be imported into Indonesia via Singapore, which has agreed to import a large quantity of Japanese products, this was not expected seriously to affect Hongkong-Indonesian trade because the prices of Japanese goods are still high and, further, delivery of Japanese shipments cannot be made within the immediate future.

Meanwhile, large shipments of Indonesian products, particularly raw rubber and coconut oil, are arriving in Hongkong. In view of this fact, it is not expected that there will be a large balance in favour of Hongkong in the present Indonesia-Hongkong trade.

Storage Space in Hongkong

As a result of the rapid clearing of stocks in the local godowns, the period of shortage of godown space has definitely passed. The storage facilities available now greatly exceed the demand, offering a complete contrast to the situation prevailing a few months ago.

Godown charges are on the whole about 50 percent lower than before, but in spite of this the demand for space is still limited owing to the fact that few new shipments are arriving in the Colony.

Ban on Gasoline Exports Tightened in Hongkong

The authorities in Hongkong have further tightened the ban on the export of gasoline, and at present shipments into China and other places have been completely halted.

Smuggling on a small scale, however, is said to be still continuing. Minor quantities are shipped out of the Colony clandestinely to Macao and Chinese Communist ports, where the smuggled goods can be sold at huge profits.

According to reliable estimates, the sales of the oil companies in Hongkong dropped by more than one-quarter in July as compared with the immediate preceding months, and by nearly one-third in August.

Drop in Volume of China Produce

A decline was noted in the volume of China produce arriving in Hongkong from the China mainland last week. This decline was due to exceptionally large shipments having been brought here during the last two months, thus heavily augmenting local stocks. Further, the lack of shipping services between Hongkong and Shanghai also impeded the shipment of goods from East China.

While the present decrease in arrivals is regarded only as temporary, market circles pointed out that the further revision of the official foreign exchange rates by the Chinese Communist authorities last week in favour of the Communist currency had increased the costs of China produce and would serve to discourage buying from Hongkong.

Last week's arrivals were as follows:

	Quantity	Previous Week
Cassia lignea	pkgs. 6,752	2,144
Tea	chests 1,885	862
Flax, etc.	pkgs. 1,741	631
Tung Oil	drums 1,276	68
Egg yolk & albumen	pkgs. 1,261	—
Teaseed oil	" 542	58
Feathers	" 533	64
Lead ore	" 400	—
Rosin	" 302	217
Gallnuts	" 285	170
Cowhides	" 98	41
Casings	" 75	—
Aniseed oil	" 13	1

World Shipbuilding

According to Lloyd's Register the gross register tonnage building in the United Kingdom on June 30, 1950, amounted to 1,937,191, while in other countries (excluding Russia, Poland, Germany and China) 2,612,730 gross register tons were being built. The total gross register tonnage of steam and motorships building was, consequently, 4,549,921.

The gross register tonnages under construction in a few important shipbuilding countries are (after Great Britain): France 491,000, Japan 372,000, the United States 326,000, the Netherlands 307,000, Sweden 302,000, Italy 241,000, Denmark 121,000, Norway 117,000 and Spain 102,000.

On June 30, 1950, the Netherlands had 182,401 gross register tons building for foreign account.

Over 40 per cent of the tonnage in course of construction in the whole world consists of oil tankers. Of these tankers, numbering 173 and aggregating 1,877,000 tons, 9 with a total tonnage of 106,000 are being built in the Netherlands.

Increasing Tin Production

According to provisional figures of the International Tin Study Group the world production of tin in concentrates in May 1950 amounted to 14,100 tons against 13,600 tons in April. The May production in Malacca was 5,176 tons, while the production in Indonesia and the Belgian Congo rose to 2829 tons and 1362 tons respectively. The export figure for Bolivia is not yet known, but has been estimated at 2500 tons. Exhaustive figures for the month of June 1950 have not yet been received, but in Indonesia as well as in the Belgian Congo the output fell to 2605 tons and 280 tons respectively.

The world production of tin metal increased to 16,000 tons in May 1950 (13,500 tons in April). The Dutch production reached a post-war record of 2985 tons, output in Malacca rose to 5432 tons and that in the United States to 2952 tons. The British production has been estimated at 2600 tons.

Exports of tin concentrates in May 1950 amounted to 7800 tons, of which 2628 tons came from Indonesia. In June 1950 Indonesian exports increased to 3010 tons. The export of tin metal in May 1950 amounted to 9700 tons, of which 5137 tons came Malacca, 1960 tons from the Netherlands and 1897 tons from Great Britain. In June 1950 Malacca exported 7644 tons of tin metal.

HONGKONG COMMODITY REPORTS

Raw Cotton

The market last week was featured by the sharp rise in the prices of Pakistan products. Advices received disclosed that NT roller gin for shipment October-November, c.i.f. Hongkong, was quoted at Rs.1,150 per bale (784 lbs.). This was equivalent to an advance of from HK\$2.35 to \$2.57 per lb.

The heavy increase in Pakistan cotton prices was attributed to an excess of demand over the supply, as France, Poland, Soviet Russia and other countries are buying from Pakistan as the result of the poor world cotton crops.

Hongkong stocks are already largely depleted by the brisk purchase by traders and consumers on the China mainland. It is, however, estimated that more than 20,000 bales are still on stock here, held chiefly by the local cotton mills, with only 8,000 bales available to buyers in the market.

Except for Pakistan products, of which LSS roller gin improved to \$2.40 and NT roller gin to \$2.45 per lb., as compared with \$2.22 and \$2.36 the week before, most of the others maintained their previous price levels.

	Closing Price	Sales
Sh. & Hongkew Wharf	\$5	\$300
C. Providents	9.90	1,000
Shanghai Docks	3	7,500
H.K. & S. Hotels	6½	2,000
H.K. Lands	34½	1,475
Humphreys	7½	950
Realtys	1.90	—
H.K. Tramways	10.60	3,300
China Lights (O)	10	3,524
do (N)	6.80	2,933
H.K. Electrics	20¾	3,815
Telephones	9½	100
Cements	8½	2,000
Dairy Farms	10½	3,900
Dairy Farms Rts.	1.90	21,172
Watson	22¾	2,750
Sinceres	3	1,000
China Emporium	8½	1,500
Kwong Sang Hong	70	16
Wing On	43	36
Shanghai Land	3.70	500
Ewo Cotton	3	3,000

Cotton Yarn and Piece Goods

Trading in Cotton Yarn was dull during the week while market quotations were generally steady, registering only marginal fluctuations of 2 or 3 percent. Closing rates for Indian yarns 10's were \$1,000 to \$1,020, 20's from \$1,150 to \$1,280, and 32's from \$1,400 to \$1,500; Shanghai products 10's \$1,080, 20's \$1,260 to \$1,350, 32's \$1,430 to \$1,550, and 40's \$1,670 to \$1,750; Hongkong products 10's from \$1,030 to \$1,150, 20's \$1,350 to \$1,550, 32's \$1,680 to \$1,700, and 40's \$1,940 to \$1,970.

Exceptionally brisk trading activities were witnessed in Cotton Piece Goods as the result of heavy buying orders from the United Kingdom, Pakistan, Indonesia, Singapore, Siam and the Philippines. This bullish atmosphere brought prices up by more than \$2 per bolt, and gains ranging up to 5 percent or more were registered during the week. With stocks already brought very low holders were not disposed to unload, especially after the reports that the issue of export permits for piece goods resumed recently in Shanghai and Canton had been temporarily discontinued, and that prices in Canton had firmed up. It was estimated that the goods for which export permits had been granted totalled less than 100,000 bolts, the majority of which had already been successively shipped out and sold in the Hongkong market. Final prices for Grey Sheetings, 12 lbs., ranged from \$49.50 to \$61, with medium quality fetching about \$58; White Cloth was priced from \$51 to \$61, the medium grade being quoted at \$54.

Metals

The market was relatively quiet but displayed a firm price tendency. With Tientsin having but lately bought from the local market 2,000 tons and Canton another 1,500 tons of Square, Round and Flat bars, Galvanised Wire and Steel Plates, buying interest in China had temporarily declined. Towards the end of the week, however, buying was resumed, with Tientsin, Canton and Tsingtao traders taking up 300 tons of Round and Flat Bars and Mild Steel Plates.

Owing to higher manufacturers' prices, local quotations last week for most items registered further gains, European Galvanised Wire G6 rising from \$73 to \$83 per picul at the close, British Aluminium Sheet, G32, 22½ x 30½" at \$1.80 per lb., and Steel Plates, Mild, 1/32" at \$88 per picul.

The ever higher prices asked by European mills were said to be discouraging importers in Hongkong from procuring replenishments. At the beginning of the week, a local import firm was advised that the price for over 1,000 tons of Round Bars it had ordered previously from the United Kingdom had been raised from £34 to £36 per ton, and that shipment would be started in December. With foreign manufacturers reserving this right to revise prices without prior notice from the time an order is placed to the time of shipment, a still further reduction in buying orders from Hongkong was generally expected.

Having previously ceased to accept orders, French and Belgian mills were learned to have resumed making offers last week for Round, Square, Flat and Angle Bars. Their prices, however, were too high, and moreover delivery could not be made until after November.

Prices in the Japanese metal market continued to go up last week, it being estimated that an average increase of 40% or more had been seen in the last two months.

Paper

Prices of practically all items continued to advance in reaction to the worldwide shortage situation and firm international market prices. There was very keen demand from Taiwan and Indonesia, and it was also reported that the Philippines Government had allocated a substantial amount of foreign exchange for the purchase of essential commodities from Hongkong, with priority given to paper.

The commitments of Taiwan merchants during the week included 350 tons of Norwegian rolled Newsprint at 45 and 48 cents per lb., 10,000 reams

M.G. Cap at \$9.30 to \$9.80 per ream, and also quantities of Dutch Woodfree Printing and Book Printing paper, Strawboard, Kraft and Cellophane.

Foreign advices were received that Czech, Austrian and Dutch Box Board had been increased to £110 per ton, which was some 40 percent higher than Convention prices.

A prediction was made in market circles that an acute stock shortage would be felt here at the end of this year and early next spring. The reasons given are that there had been no new orders placed for more than half a year as the result of the previously sluggish market and the lack of godown facilities, and that new supplies contracted for would not begin to arrive until early next year. Some would not be delivered until June, before which time there was little hope for large shipments to be unloaded here.

A severe paper shortage was reported in China where prices were three to five times higher than in Hongkong. Cut Newsprint had recently soared further in Canton; the price on the local market also rose, 50 lbs. 31 x 43" selling at \$26.50 per ream.

The South China Communist authorities have started to investigate the actual paper needs, which fact gave rise to speculation that the current Communist ban on paper imports would be relaxed. Last week the Communist authorities in Canton announced that Aluminium Foil could be imported under the classification of metals.

Dyestuffs

Market quotations for many products hitherto in active demand eased as export to the Central China markets became unprofitable. With 500 drums scheduled to arrive in the middle of this month, 693 Sulphur Black displayed especial weakness, receding from \$310 ruling the previous weekend to \$295 per picul. Most of the other items, however, were able to maintain a steady tendency, with a few selected brands recording marginal firmness, including Methyl Violet Crystal (USA) which was supported by good demand from Canton; 196 Erie Black (Nacco 170%

was quoted at \$720, Congo Red (ICI) \$670, Indigo Vat 80% (ICI) \$1,050, Methyl Violet Grains S Double (Dupont) 50 kg. \$1,400.

Rubber

Very keen demand was still coming from traders and consumers on the China mainland. Business, nevertheless, was not brisk as there were no large supplies available and as sellers refrained from making forward commitments. Most grades ended higher. Smoked Sheets No. 1 improving from \$380 to \$395 per picul.

Cement

Little change was noted in the market either in trading activity or in quotations. The previous week's levels were generally maintained, with only a few brands recording slight increases.

Local production in July was reported to total 5,122 short tons, or 1,014 short tons below the average monthly output for the period January to June of this year. In 1947 the monthly production average was 2,852 short tons, in 1948 4,435 short tons, in 1949 4,889 short tons, and from January to June 1950 6,136 short tons.

At the close Emerald Brand (Green Island) cement was quoted in the market at \$6.70 per 112-lb. bag (official price \$6.25), and \$5.70 per 94-lb. bag (official price \$5.35); Japanese products for spot delivery at \$4.60 per 100-lb. bag; Annam Dragon Brand at \$5.50 per 94-lb. bag; Danish Bate Brand white at \$14.50 per 1-cwt. bag; British "Snowcrete" white cement at \$58.00 per drum of 375 lbs. (official price \$55.00).

Gunny Bags

Despite the fact that prices had risen to abnormal levels, good buying interest was maintained by consumers in China, causing the market to rule firm. Indian heavy cees green (new) showed a further rise of \$3.55 per piece.

It was pointed out in market circles that the recent sharp advance in prices was due to the small quota allocated to Hongkong by the Indian Government as the result of a shortage of supply. The present bullish tendency, however, was not expected to last for long, and a recession was considered likely after India had announced the quotas for the next quarter, and after the harvest season was over in North China, when the demand for gunny bags would fall off abruptly.

China Produce

The market prices of all China produce showed a hardening tendency following the recent revision of the foreign exchange rates by the Chinese Communist authorities. Business was done on Tung Oil (Woodoil) at US\$0.22 per lb., as compared with US\$0.24 in New York, while the local price for concentrate sagged to \$187.50 per picul. With no demand coming from foreign sources, Teaseed Oil still maintained \$160 per picul, with 135 drums traded in during the week, the quality being 5.3 degrees. Also changed hands were 500 tons of Beancake at \$8.60 and 36 tons of gallnuts at \$125 per picul.

Since the Chinese Communist authorities banned the export of Soya Beans, supplies here have depended chiefly on smuggling from the West River region of Kwangtung. The recent arrival from North China of 12,000 bags of the Dairen product, either with or without the approval of the authorities, caused a big drop in local prices, where transactions were closed at \$52 per picul instead of the previous price of \$55. Buyers were adopting a watchful attitude and business in general was featureless.

The Tea market remained very dull, and the only improvement was shown by BOP Black Tea which advanced from \$280 to \$290 per picul. Shanghai merchants were reported to have sold to overseas buyers more than 30,000 chests in July and August this year.

There was not much improvement in trading on Cassia Lignea; the 84 and 60 cattles packing maintained the price of \$68, while falls were registered by scraped and unscraped Cassia to \$88 and \$84 per picul. Cassia in bulk as well as products in bulk. (West River) fell to \$57 per picul.

HONGKONG INDUSTRIAL CHEMICALS MARKET

The past fortnight saw some calmer and more sober business; the turnover has declined when compared with the hectic weeks of August but is still more voluminous than the season would warrant. Prices have settled down or dropped with only a few items still riding high.

Demand from China is buoyant which causes optimism in the market; but other Asian customers have also shown their eagerness and buyers in South East Asian ports are helping to keep prices up to the current high level. Canton importers seem to have received assurances from the authorities that there will be exchange for any amount of 'essential' chemicals and importers elsewhere in China are also confident that their business will remain strong. The purchasing power in China, based on the interest shown in the chemicals market, is high; but the community knows well what is at the back of all these rush orders—the desire of the Chinese govt to get the goods as quickly as possible before a few more embargoes on shipments to China are clamped down.

The dealers have recovered here part of the losses sustained earlier this year but the boom of the last few weeks shall not lead one to believe that recovery was very widespread. Most chemicals' prices have now come up to or exceeded their indent prices but a few items are still behind current prices quoted by manufacturers abroad. The market here is dominated by the Chinese buyer and as this unknown factor once drives prices up and at another time down the local importers and dealers, as much as they like to look into the future, are often forced to adopt the practices of a gambler. To add a further element of insecurity, the present stage of waging cold war

in the economic field has brought about hoarding and anticipative price boosting by producers and merchants with a good sprinkling of commodity speculators.

Market report

Caustic soda solid. Market quiet with occasional demands only. USA origin 70 lb drums sold from \$132 per drum down to \$123, and Crescent brand 300 kg drums sold from \$158 down to \$155 per drum. **Formalin.** Stock still short. Price came down a little. English origin 448 lb drums sold a few lots from 68 cts. per lb to 65 cts. **Sodium hydro-sulphite.** Almost all dyeing and bleaching materials are on upward side. Continuous demands. Price of USA origin 250 lb grey drums from \$288 per picul up to \$340, and 250 lb blue drums of Du Pont manufacture at \$295. English origin 1 cwt drums or 120 lb drums sold from \$270 to \$280, now about \$320. **Sodium bicarbonate.** Market steady. Successive demands but not sufficient stock. As fresh shipments will arrive continuously, future market will slide down in the coming weeks. Crescent brand 100 kg bags sold a few lots between \$77 and \$79, and French origin of the same packing sold around \$63. **Glacial acetic acid.** Stock gradually declined. Dutch origin 20 kg carboys sold between 83 cts. and 85 cts. per lb, but some odd lots sold as low as 80 cts. **Borax.** Required by exporters and local manufacturers. USA origin 100 lb paper bags granular form sold from \$23.50 per bag up to \$28. Forward price ranging from \$20 to \$24 per bag according to the length of time of shipment arrivals. In the past few weeks over 800 tons were indented from USA. Crystal form arrived new shipment. ICI 1 cwt bags about \$62 per bag and USA origin 1 cwt bags about \$55 per bag. **Potassium carbonate.** French origin 350 lb barrels 85 cts. per lb.

Sodium sulphide solid. Market quiet with moderate business only. ICI Chinchin brand 5 cwt drums from \$870 per long ton to \$630 for bigger quantity. **Phenol formaldehyde.** English origin 280 lb fibre drums \$1.25 per lb. It is consumed by local and Canton electric utensil manufacturers. **Zinc oxide.** Bigger business was recorded than previous weeks. Dutch origin 25 kg bags from \$1.15 per lb to \$1.22, and English origin 1 cwt bags around \$1.25 per lb. Canadian ZOCO brand which is recognised as best quality sold at \$1.25 per lb. **Vaseline.** Snow white grade 400 lb drums sold lowest \$1.05 per lb highest \$1.12 and many lots sold between these two figures. Light amber grade 400 lb drums sold small quantity at 75 cts. per lb and afterwards sellers bid higher. **Ammonium bicarbonate.** Occasional demands. Stock continues short. Market firm with slowly upward tendency. ICI 50 kg drums sold from \$58 to \$59 per drum, and Poland origin 50 kg drums sold \$44 per drum, now is about \$48. **Red amorphous phosphorus.** Market firm. French origin Au Lion brand 110 lb cases at \$330 per case. Sellers now ask \$350 as stock short. Japan origin KDK brands of same packing sold from \$265

per case to \$270. Canadian origin golden lithographed tins of 110 lb cases sold cheaper, \$263 per case, due to seller in need of money, however, its normal price is about \$280. Bleaching powder 70%. Market continues steady. Forward sales ranging from \$1.60 to \$2.40 per lb according to the length of time of shipment arrival for USA origin 130 lb drums. Japan origin 50 kg drums sold \$2.30 per lb. MBT. Market more active. English Monsanto 224 lb metal drums sold a few lots between \$2 and \$2.50 per lb. DPG. Stock is small. USA origin 150 lb fibre drums sold a lot at \$2.55 per lb. Paraffin wax. As fresh shipment of AMP 143/150 nine slabs to one carton had arrived, the market slid down. It sold from \$73.50 per picul down to \$69, the lowest, now up to \$70.50. The AMP 160/165 of the same packing stock of which is small and no fresh shipment arrived for quite long time, its price slid down a little. At the week's end this 160/165 at last secured some business at \$79 per picul.

Cow's glue. Slice form of Siam or Singapore origin which due to higher moisture content is flexible, sold at \$78 per picul. Local manufacture in stick form about \$120 per picul. Soda ash. Stock continues short, but price eases a little as it is affected by the decline of caustic soda price. ICI Crescent brand dense grade 90 kg bags sold from \$50 per bag down to \$49. French origin light grade 100 kg bags is about \$45 per bag. USA origin 100 lb paper bags dense grade is now about \$25 per bag. Zinc chloride. Belgian origin 1 cwt drums sold \$1410 per long ton. Phenol. Stock extremely short. Ten days ago Australian origin 448 lb drums sold a lot at \$2.70 per lb, now the English origin of same packing may be sold \$3 per lb too. Bleaching powder 35%. Market up. Stock short. Red Heart brand 50 kg drums sold from \$53 per drum up to \$55, if bigger quantity now available, buyers agree to pay \$60. Red Heart brand 3.5 cwt drums sold from \$145 per drum up to \$165. USA origin 43 lb drums sold between \$17 and \$18 per drum. Market rather active. DNCB. This is the brightest feature among all chemicals. After big business was recorded, the stock sharply declined. English or German origin 300 kg drums sold from 98 cts. per lb up to \$1.39, and ICI 280 kg drums sold as high as \$1.30. Now USA Monsanto

600 lb drums and Du Pont 500 lb drums is about \$1.70, and English origin 300 kg drums about \$1.55. It is believed further business will establish a new price record soon. Extract of quebracho. Stock quite short. Firstly Crown brand 105 lb bags sold \$175 per bag but at last business was concluded for 30 bags at \$200. Forward sale due Hongkong mid October is \$110 per bag.

Extract of mimosa. More business than quebracho, as the stock of former is larger. Price up. Elephant brand 112 lb bags from \$125 per bag up to \$140. Boric acid. USA origin 100 lb bags commercial quality sold from 60 cts. per lb up to 64 cts. Acetone. This solvent sold in Shanghai at \$4 per lb. Here 358 lb drums sold now 98 cts. per lb. Linseed oil. Single boiled grade 5 imperial gallon drums sold \$74 per drum. Sodium bichromate. Business recorded was smaller than in previous weeks. As stock declined and indent price raised, this market cannot be deemed downward. Its future market is expected upward. South African origin 500 lb drums sold lowest 77 cts. per lb highest 80 cts., and a lot of Poland origin 125 kg drums sold 85 cts. Chrome alum. Small demands around the market. Each business is about one to three tons. A few lots sold at 57 cts. and 60 cts., and it is expected to sell higher later on. Potassium bichromate. Crystal form English origin 560 lb drums sold \$1.65 per lb, and granular form climbed up to \$1.25. Sulphur nitrate. A few weeks ago sellers asked over \$50 per picul, so the buyers waited. Now as sellers agree to \$40 scores of tons of business was recorded both Belgian 100 kg bags and 175 kg wooden barrels. Stearic acid. Occasional demands. Belgian origin triple pressed 80 kg bags sold \$1.32 and \$1.33 per lb for a few lots, whereas the Australian origin say triple pressed quality was sold \$1.10 per lb only. The oleic acid content in the latter is much higher, therefore its smell is more characteristic and not so hard as the former. Shellac. No. 1 superfine quality 164 lb cases sold a lot at \$478 per picul, now is about \$490. Carbon black. It is not only used for making Chinese ink, printing ink, but extensively in making rubber tires and tubes. Market up without pause, due to stock being short and demands heavy. Witco brand 187.5 lb cases sold many lots from \$422

up to \$520. Fortress brand is quite short, and may be sold \$700. The Getz brand of same packing is asked \$600.

Nickel ammonium sulphate. Canning's Albo brand 112 lb case sold \$195 per case. Sulphur black. National's No. 693 100 catty drums sold from \$310 to \$300 per picul. Moderate business only. Niagara blue. National's No. 140 100 catty drums is about \$700 per picul. Citric acid. Small business only. Crystal form of English origin 1 cwt plywood drums sold \$1.40 per lb. Granular form of same packing is down to \$1.20 per lb. Sodium peroxide. 50 kg drums sold \$3 per lb. Sodium perborate. About \$2.50 per lb. Sodium thiosulphate. It is used as fixing bath to remove silver in photography. ICI 1 cwt barrels sold \$70 per barrels. Caustic potash solid. English origin about 600 lb drums sold a lot at 60 cts. per lb. Glycerine. More demand on the market. Except for a small quantity which sold \$2.20 per lb for the Dutch origin 250 kg drums, its normal price is about \$2.30 per lb. As Canton and Shanghai market show upward trend, its future market is expected to be prosperous once again. Saccharine. Monsanto granular soluble 1 lb tall tins old packing sold \$12.85 per tin. As buying interest is not great, market may be deemed sluggish with downward trend. Lithopone. Market awoke again. At the week's end more business was recorded. After German origin 50 kg bags sold 53½ cts. per lb, the Dutch origin of same packing sold from 54 cts. up to 66½ cts. now. Dutch origin 50 lb bags sold from 55 cts. up to 56½ cts. Sodium nitrite. Shipment arrived, but spot goods were not available in the market as it is absorbed by exporters for export to North China. Forward sale due Hongkong second half of September 48 lb drums sold \$1650 per long ton. It has advanced by 30% as compared with two weeks ago. Sulphuric acid. As sulphur powder has advanced from \$6.20 (few months ago) up to now \$15 per picul, this acid also rose from 12 cts. up to 16½ cts. per lb including packing. There are moderate export and local demands. Sodium cyanide. ICI 1 cwt drums sold a lot as high as \$1.93 per lb. Cobalt oxide. 10 x 10 lb tins per case Vase brand sold a few cases at \$200 per case. Aniline oil. Good drums may be sold \$1.25 per lb. Stock is short.